

**Elite Discourse on the Political Economy of the
Royal Navy and British Naval Sea Power:
New Public Management Theory as
Modernisation - Back to the Future**

Submitted by Mark Howard Granfield to the University of Exeter as a thesis for the degree of Doctor of Philosophy in Politics in January 2014.

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Abstract

At the beginning of the twenty-first century a burgeoning global private military sector is increasingly involved in areas of defence and security that, up until recently, were popularly thought of as being within the monopolistic preserve of the nation state. Finding itself at the vanguard of profound political and economic change, today's Royal Navy is increasingly reliant on relationships with the private sector that only thirty years ago would have seemed unimaginable to many commentators. As naval shipbuilding, dockyard refitting, logistics, training, and even warship ownership and manning, move from a unitary state to an increasingly self-organising private sector bounded by a differentiated and decentered polity, this thesis is concerned with boundaries of elite discourse on legitimacy in the political economy of Royal Navy and British naval sea power and their implications for New Public Management theory. At its core, the study presents original research into the attitudes of fifty elite opinion formers directly concerned with the discourse of Royal Navy modernisation and profiles their ideational boundaries concerning the political economy of force and violence.

The thesis makes an original contribution to knowledge by presenting empirically and framing theoretically the ways in which elite naval attitudes to the political economy of legitimated force have changed and are evolving. The research is important because it challenges what many commentators have come to believe to be an *a priori* function of the nation state, namely, the monopoly use of force, with the actual views of those opinion formers who currently hold positions of power and influence in and around one of its core 'ideal type' institutions: the Royal Navy. The research is also significant because in attempting to clarify the conceptual boundaries of this elite discourse, it also presents a powerful critique of New Public Management with reference to the problematic dimensions of time, economic complexity and socio-political power.

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Mark H. Granfield
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1. Introduction

1.1 Introduction to Thesis

At the beginning of the twenty-first century a burgeoning global private military sector is increasingly involved in areas of defence and security that, up until recently, were popularly thought of as being within the monopolistic preserve of the nation state. Finding itself at the vanguard of important political and economic changes, the Royal Navy is increasingly reliant on a range of partnerships with the private sector that only thirty years ago would have seemed unimaginable to those holding a Weberian outlook. As naval shipbuilding, dockyard refitting, logistics, training, and even warship ownership and manning, move from the state to the private sector, this thesis focuses on the boundaries of elite discourse towards Royal Navy modernisation and its implications for the paradigm of New Public Management theory.

At its core, the study presents original research into the opinions of fifty elite opinion formers concerned with the discourse surrounding Royal Navy modernisation and identifies the conceptual boundaries of their opinions concerning the political economy of legitimated force. In doing so, it asks the key research question:

How do influential opinion formers in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management theory?

In asking this question, the thesis challenges what many academic and military theorists have long believed to be a core function of the nation state with the actual views of those who hold positions of power and influence in and around one of its main services dedicated to the production of force and violence. It makes an original contribution to knowledge because in detailing empirically and framing theoretically the ways in which elite attitudes to the political economy of legitimated force have evolved, it clarifies boundaries of

discourse with reference to the problematic dimensions of time, economic complexity and socio-political power.

In examining the history of privateering, the rise of the modern private military sector and the work of those free marketeers who champion, what they term, military 'demonopolisation', there is a gap in the literature that this thesis aims to fill. For in analysing key themes in political economy that at the beginning of the twenty-first century represent 'punctuated shifts' in elite attitudes towards the role of the state and its use of force, the thesis not only challenges the traditional paradigms of public management and administration, but it does so with reference to the opinions of those agents who actually hold elite positions of power and influence in and around one of the world's oldest military institutions, and therefore an 'ideal type' representative of Weber's nation-state monopoly: the Royal Navy. The research presented is, by its nature, challenging, complex and ethically sensitive.

1.2 Implications and Structure

It is with this in background mind that Chapter II elaborates on the study's aims and objectives, explains the relevance of Royal Navy outsourcing, public/private partnerships and privatisation to Weber's concept of the monopoly use of force, and locates Royal Navy modernisation within the theoretical framework of New Public Management theory and the wider context of privatisation, differentiated polities and the 'hollowing out of the state'. In detailing the transition from 'government' to a world of 'governance' and formal and informal policy networks, it goes on to focus on the key issue of the temporal dimension and draws upon the history of privateering to inform its understanding of political economy in the production of naval sea power and notions of legitimisation in the area of force and violence.

Chapter III builds on this work by examining the broader history of private warfare and charting the rise of the modern global private military sector. In doing so, it not only details UK naval policy between 1979 and 2013,

highlighting key milestones along the way, but it focuses on modern Royal Navy outsourcing, public private partnerships and privatisation: theoretically framing their evolution, development and relevance in the context of the 'compass of political economy' and the shifting sands of governance.

Whilst it is not within the remit of this study to suggest market-oriented arrangements could develop into a full-blown market (however defined) in naval sea power, it is methodologically important to review the ideas and writings of a collection of authors who have long promoted a world in which states are proactively hollowed out only to be replaced by societies based on idealised free markets. Informing an ideal type construct on markets in naval defence and security, their literature aids the development of a theoretically oppositional political economy to that of Weber's nation-state monopoly and the world of 'government'. Building on the framework of the compass of political economy presented in Chapter III, Chapter IV asserts that in terms of the research, it is only when an 'ideal type' opposite has been constructed concerning concepts of legitimate force and violence in political economy that robust strands of ideation can be analysed. Chapter IV makes the point that it is only by comparing and contrasting elite opinions towards an 'ideal type' NPM-market and an ideal type PA-state that the real boundaries of elite discourse surrounding contemporary perspectives on political economy, governance and legitimacy can be researched.

In this context, Chapter IV provides a literature review of those free marketeers who champion private military demonopolisation, particularly in the area of naval defence and security. In so doing, it analyses the literature and ideas of the subject's informers, who include: Gustave de Molinari, Herbert Spencer, Auberon Hebert, P. E. De Puydt, Benjamin Tucker, Murray Rothbard, David Friedman, Bruce L. Benson, Hans-Hermann Hoppe, Brian Micklethwait and Ian Whitehouse. Providing an analysis of those authors who have long expounded private market provision in defence, security and naval sea power, it brings together for the first time, a body of knowledge that not only represents historic forms of discourse on the private production of force and violence, but, when it comes to the problematic dimensions of time,

economic complexity and socio-political power, juxtaposes and contributes conceptually to the research and data presented in Chapters V and VI.

Chapter V reviews the methodology and presents the research that lies at the heart of the thesis. In comparing and contrasting elite opinions towards ideal type states and markets it not only presents the boundaries of elite discourse surrounding contemporary perspectives on legitimacy in political economy, but it provides a strong framework for empirical examination rooted in notions of market and state failure amongst British naval opinion formers. Focused on the question, 'how do influential agents in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management theory?', the research examines the attitudes of fifty elite opinion formers (as defined in section 5.2.6 below), involved with the discourse surrounding Royal Navy modernisation and the wider political economy of British naval sea power. In clarifying the boundaries of discourse surrounding notions of market and state failure in relevant areas of naval sea power and Royal Navy modernisation, it not only compares and contrasts elite opinions towards 'ideal type' NPM market and PA state models, but it provides original insights into the boundaries of discourse surrounding contemporary perspectives on legitimacy, governance and outcomes in the political economy of force and violence. The chapter also links its research findings to New Public Management theory and the wider world of public administration, management, decentering and governance.

Whilst chapters II, III and IV explore the ideas, practice and theoretical constructs surrounding the private sector's involvement in the production of British naval sea power, and make it clear that such involvement is no longer fanciful or illusory, Chapter V makes it clear that almost as if 'returning to the future', the Royal Navy and modern British naval sea power are once again increasingly reliant on forms of institutional nexus and governance that echo seventeenth, eighteenth and early nineteenth century forms of political economy. At a time when the Royal Navy and British naval sea power finds itself at the cutting edge of a potential 'hollowing out' of the 'core state' through privatisation, policy networks, differentiation and decentering, the

research presented in this chapter not only clarifies boundaries of elite discourse but it builds the bridge to Chapter VI in which a powerful critique of NPM, PA and governance are presented with reference to the problematic dimensions of time, economic complexity and socio-political power.

Chapter VI concludes the thesis by demonstrating that what might have been thought a fanciful idea to many only thirty years ago, the idea of major elements of British naval sea power becoming increasingly reliant on private sector investment, management and ownership, has now rapidly gained currency in contemporary opinion forming circles. Having located such developments in a broader historical, literary and research context, the chapter concludes the thesis by arguing that the production of British naval sea power oscillates over the centuries between the cyclical peaks and troughs of the commercial private market and the tax-funded world of public and private governance. It also argues that from an historical and ideational perspective, there is less that is genuinely 'new' in the so-called world of New Public Management, Public Administration and 'governance' than is often appreciated by their supporters and detractors.

In presenting the opinions and attitudes of influential agents in and around one of Weber's ideal type monopoly-state institutions, the study concludes that Royal Navy outsourcing, public private partnerships and privatisation are more powerfully viewed through the prism of 'back to the future', than any perspective that purports to suggest they represent a profound or revolutionary departure from historic forms of practice or thought. Through this study, we ultimately learn that what is happening in today's Royal Navy is not only far from 'new' but that many of its elite opinion formers have already moved beyond early twentieth century notions of Weberian legitimation. To many directly involved in Royal Navy policy discourse, the modern democratic nation-state's 'quintessential function and signifier of being' is no longer rooted in the certitudes of a democratically legitimated state monopoly. Instead, by progressively legitimating private sector action and involvement in the production of force and violence at sea, institutional actors in and around

the core state are clearly open to the ideas associated with varying degrees of its 'hollowing out' in favour of more differentiated and decentered approaches.

The evidence for this is clear from the research. Rooted in a dynamic and complex economy, elite opinion formers in and around the Royal Navy increasingly find it difficult to distinguish between a world socio-politically legitimated by the ideal type constructs of voter-led public goods, and a world socio-economically legitimated by customer-led private goods. Under analysis, the seemingly opposed paradigms of the state and the market are perceived in terms of reflecting each other both in terms of consequences and outcomes.

While today's opinion formers believe ideal type state and market constructs ultimately lead to similar types of failure, success and outcome, they also believe that the traditional legitimating rubrics of the nation-state's monopoly use of force no longer offer certitude in what they experience as an increasingly relativistic age of political economy, governance and legitimation. Neglectful of the complexities and symmetries across the dimensions of time, property rights and differentiated power, the study concludes that the NPM and the PA paradigms invariably underestimate the consequential similarities, for good and/or bad, of both systems consequential realities. While PA views government as the primary owner, driver and/or motivator of reform, and NPM stresses the market, this study has shown that both perspectives fail to adequately acknowledge the degree to which core statecraft and governance as defined by the production of force and violence is rarely, if ever, a matter for either an idealised 'state' or 'free' market. Instead, force and violence are invariably organised within a spectrum that compresses and conjoins varying degrees of differentiated and decentred governance with varying degrees of differentiated polity and market.

It is in this context that government and governance, centralisation and de-centralisation, unity and fragmentation, all denote constantly evolving, path dependent realities that not only speak volumes about the contingency of the

human condition but the limitations of the language of 'the market' and 'the state' in political economy. It is for reasons of complexity and similarity, that today's opinion formers find it so difficult to articulate clear, consequential and epistemological differences between notions of market and state failure in areas of naval sea power and therefore specify and codify legitimacy in the political economy of force and violence. It is because each system ultimately mirrors the other in more profound and surprising ways than is popularly and linguistically recognised, that the Royal Navy once again finds itself modernising back to a future rooted in older forms of discourse in the areas of public management, administration and governance. A century on, we are all increasingly living with a highly corporatist and mixed political economy that Weber did not fully appreciate or foresee.

Chapter II
From Weber to New Public Management Theory:
The Relevance of the Private Sector to
British Naval Sea Power and the Royal Navy

“Tomorrow’s serving officers and recruits may one day be part of a different funding regime...I’m willing to bet that within twenty five years there’ll be at least some form of semi-privatisation of the Armed Forces. After all, it was mostly all private until the 17th century and three hundred and fifty years isn’t long enough to establish an unassailable precedent.” (Whitehouse, 2002a)

“One of the reasons why the Dutch East India company flourishes, and is become the richest and most powerful of all others we know of, is its being absolute, and invested with a kind of sovereignty and dominion...[it] makes peace and war at pleasure, and by its own authority; administers justice to all; ...settles colonies, builds fortifications, levies troops, maintains numerous armies and garrisons, fits out fleets, and coins money.” (Tracey, 1990: 196)

This chapter outlines the study’s aims and objectives, explains the relevance of Royal Navy outsourcing, public/private partnerships and privatisation to Weber’s concept of the monopoly use of force, and locates Royal Navy modernisation within the theoretical framework of New Public Management theory and the wider context of privatisation, differentiated politics and the ‘hollowing out of the state’. In detailing the transition from ‘government’ to a world of formal and informal policy networks and ‘governance’, it goes on to focus on the key issue of the temporal dimension and draws upon the history of privateering to inform its understanding of political economy in the production of naval sea power and notions of legitimation in the area of force and violence.

2.1 Background, Aims and Objectives

This thesis critically examines Royal Navy outsourcing, public private partnerships and privatisation in the context of their implications for New Public Management Theory (NPM) (Hughes, 2003; Adams, 2000: 498-499; Barzelay, 1992; and Osborne and Gaebler, 1992). As a body of knowledge concerned with the efficient and effective delivery of public goods and services, the NPM paradigm suggests that when it comes to areas of critical infrastructure (electricity generation, gas production, telecommunications, water supply, agriculture, heating, public health, transportation, financial services, and defence and security), there are a host of private sector management tools, structures and incentives that should be examined by policy makers (Boston, et al., 1996).

While the more traditional paradigm of Public Administration (PA) views government as being the inevitable product of disparate social and cultural forces (Terry, 1998: 194-200; Cohen and Eimicke, 1995: 96-108; Clay, 1994: 236-252), it is the primary aim of this thesis to demonstrate that both these schools no longer provide adequate explanatory frameworks. For while they view government as the primary *a priori* driver and motivator of reform, it is the contention of this study that both these schools fail to adequately acknowledge the degree to which the core state, as defined by the politically legitimated monopoly use of force, is itself giving way to new settlements of political economy under the rubric of customer-led uses of force and that these developments have historical precedence that pre-date the modern democratic nation-state.

At a time when the Royal Navy is at the cutting edge of reform, the research focuses on the complex issues of political economy involving the private production of naval sea power. Concentrating on the historic and contemporary evolution of Royal Navy political economy and governance, it not only presents an examination into the attitudes of elite opinion formers concerned directly with the discourse surrounding the service's

modernisation, but it presents an empirical analysis of ideational political economy that charts a profound shift away from Weber's conceptualisation of the modern nation state and its legitimate monopoly over the use of force (Weber, 1919).

In addressing the ways in which elite opinion formers concerned with Royal Navy modernisation actually think about such economic notions as market and state failure in naval sea power, and what the political economy of public goods now mean to them, the study presents original data and research into the views of those who hold relevant, influential and key public policy positions in and around an institution of the core and democratic nation-state: the Royal Navy. It is in this context that the thesis contributes to knowledge because in clarifying the conceptual boundaries of elite discourse concerning political economy, it not only presents a critique of NPM, but it does so with reference to the problematic dimensions of time, economic complexity and socio-political power. Moreover, its originality and contribution to knowledge is enhanced by the fact that its data is derived from actors in and around a core institution of Weber's 'ideal type' monopoly state. This is the first time that the opinions and discourse of those who actually oversee and influence naval policy have been explored in such a manner. Never before has the research question been put to such an audience: how do influential agents in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management theory?

2.2 From Weber to a Changing World

Since the time of Thomas Hobbes (Hobbes, 2011), scholars have examined the role of force in statecraft. However, in the twentieth century it was Max Weber who argued that a monopoly on legitimate force and violence formed a central part of modern statehood. In 'Economy and Society' (Weber, 1922) Weber defined the state as the political organisation whose:

“Administrative staff successfully uphold the claim to the monopoly on the legitimate use of physical force in the enforcement of its orders” (Weber, 1922: 29, translation).

While this definition seems to be clear, for Weber, it has two separate elements. First, the use of force is not the sole means by which the modern state ‘realises its orders’. Instead, the monopoly of force represents the last resort, when all other means fail. Of all the social actors and institutions in a modern society, only the state is formally legitimated to use physical force as a ‘means’. For Weber therefore, all forms of non-state violence are ultimately illegitimate and can be prosecuted and punished according to statute (Milanes, 1999: 21-32).

Second, Weber argues that there will only ever be varying degrees of monopoly for the state. Writing from an early twentieth century and European perspective, he argues that the state is only successful or effective in its claim to uphold its monopoly, so long as it does not ignore instances of violence, be they domestic, communal or engendered by a mafia. Therefore, to maintain its claim to monopoly, it is compelled to view every instance of violence as a challenge and as a threat.

It is in this context that there exists an intimate relationship between the state and violence, what Clark terms an “essentialist relationship” (Clark, 2003: 184). Yet, the corollary between the state and force is neither inherent nor automatic. For as Mandel points out: “the contemporary organisation of global violence is neither timeless nor natural. It is distinctly modern” (Mandel, 2000: 3). While in previous centuries, the use of private armies, privateers and mercenaries were commonplace, it was only with the incidence and cessation of the Thirty Years War (1618-1648), and the subsequent signing of the Peace Treaty of Westphalia, that the modern state system first emerged. In essence, modern statism is distinguished from earlier polities by the formalisation two key properties. First is the right to monopoly of force within a bounded space. Second is the concept of absolute sovereignty enabling territorial integrity and the right to non-intervention.

By the twentieth century, the institutionalisation of the state and this system established a clear division between legitimate and illegitimate forms of violence. This is the starting point from which Weber constructs his 'ideal type' conceptualisation of the modern nation-state and the basis upon which he asserts: "one can define the modern state only in terms of the specific means peculiar to it...namely the use of physical force" (Weber, 1946: 77). Significantly, Weber not only saw the state's coercive capacities being a core property but also a core function of its being.

It is through the state's security shield from both 'local racketeers and outside marauders' that it provides consolidation and performs its primary function(s). While Tilly (Tilly, 1987: 171) argues that the state first comes to be accepted because it provides an internal "security racket" for those under its jurisdiction, Weber argues that in modernity it is extended to encompass a monopoly over the legitimate use of force. For him, any re-emergence of private protection association represent a fundamental failure of the modern nation state as such organisations inherently undermine its "quintessential function and signifier of being" (Small, 2006: 12).

Consonant with the Westminster model which displayed "strong cabinet government based on majority rule; the importance attached to constitutional conventions; a two-party system based on single member constituencies; the assumption that minorities can find expression in one of the major parties; the concept of Her Majesty's loyal opposition; and the doctrine of parliamentary supremacy, which takes precedence over popular sovereignty except during elections" (Verney 1991: 637), today, a century on from Weber, numerous forces are arguably conspiring to create a complex range of challenges to the authority and legitimacy of the Weberian twentieth-century nation state (Small, 2006). While new economic and security pressures are encouraging the unbundling of many of the state's basic functions, so a growing range of private sector actors and groups are emerging in uneven and semi-legitimate ways. Finding it difficult to provide both international and domestic security as a public good, 'core' state institutions such as the Royal Navy are again

partnering private sector investment, management and expertise in significant and often surprising ways.



Fig.1. HMS Clyde the Royal Navy's Falkland Island Patrol Ship.

Today, a century on from Weber, and the Royal Navy's recently commissioned Falkland Island's patrol ship HMS Clyde (Fig.1) does not actually belong to the navy. Instead, it is leased from the private sector under a Contractor Logistic Support (CLS) contract (see Chapter III). This contract not only covers key aspects of maintenance and repair but it also makes provision for a proportion of the ship's crew to remain private employees.

Following the earlier contracting out of the Royal Navy's three main dockyards (Portsmouth, Devonport and the Clyde) to the private sector (see Chapter III), in March 2008, the Royal Maritime Auxiliary Service (RMAS) was disbanded. Today, the private company Serco-Denholm delivers its services and vessels. As a result, the Royal Navy's new Worldwide Support Ship (see Fig.2 below) is provided by the private sector.



Fig.2. SD Victoria the Navy's Worldwide Support Ship.

The largest of 29 vessels ordered by Serco Marine Services to support the naval service, 'SD Victoria' was built in Romania at a cost of £83m (Serco Marine, 2012). Today, it is used to support military exercises and training as part of Serco's contract with the Ministry of Defence.

Another major branch of the naval service, the Royal Fleet Auxiliary (RFA), provides some of its largest vessels (Puddefoot, 2009). Together, the RFA flotilla includes an impressive array of supply, oil tanker and logistical landing ships as well as other specialised platforms. Yet recently, the government has been actively considering whether this part of the naval service should also be contracted out to the private sector (Lloyds List, 2010). Significantly, the RFA's own reserve of six Point Class vessels has been privately owned and operated for the last ten years (Fig.3, below). Providing additional strategic transport for military cargoes under a 22-year charter, the Ministry of Defence procures these vessels from Foreland Shipping who continues to own, operate and crew them. When not required by the Ministry of Defence they are used as profitable merchantmen (Puddefoot, 2009).



Fig.3. MV Longstone Point. One of six Point Class ships that provide the RFA with its own privatised reserve.

With an overall decline in the number of Royal Navy platforms and the rise of piracy in the Red Sea and the Gulf of Aden, at the beginning of 2011, Lloyds of London took the dramatic step of announcing it was planning its own 'private fleet' to protect commercial shipping in the world's most dangerous waters (Costello, 2011). Under mounting pressure from commercial interests, in October 2011, Prime Minister David Cameron finally announced that in future ships sailing under a British flag would be able to carry private armed guards so as to protect vessels from pirates in certain parts of the world (BBC News, 30 October 2011).

It is with these developments in mind that today's Royal Navy increasingly relies on partnerships with private sector providers and works alongside a range of Private Military Firms (PMFs). Building on the contracting out and part-privatisation of naval sea power that now includes dockyards, naval auxiliaries and even front-line war ships, the production and financing of naval power is once again starting to echo the once seemingly bygone world of joint stock companies and privateering. As fleet servicing, catering, training and a host of other functions are progressively taken over by private contractors (see Chapter III), so historians point out that British naval sea power is increasingly rediscovering a political economy not so dissimilar from the privately sponsored mercantile and naval vessels of the sixteenth,

seventeenth and eighteenth centuries (Anderson and Gifford, 1991; Garitee, 1977).

The Royal Navy is important because in the early twenty-first century, the United Kingdom has a global expatriate community of more than 5 million people. Its citizens undertake more than 56 million visits abroad each year and the country is the sixth largest trading nation in the world (Office of National Statistics, 2012). As an island nation, the UK depends on maritime trade for its economic prosperity. In 2013, more than 95 per cent of the country's economic trade by volume (580 million tonnes) traveled by sea (Royal Navy, 2013). With 10,500 miles of coastline, 600 ports and more than 290 offshore oil and gas installations, the country's reliance on imported gas is set to rise to 80 per cent of UK energy needs by 2020 (Royal Navy, 2013). In total, UK shipping contributes more than £10 billion a year to the country's gross domestic product and almost £3 billion in tax revenues (First Sea Lord, 2012: 7). As such, it is the UK's fourth largest services sector industry.

In the post-Soviet era the Royal Navy has continued to be one of the world's most powerful 'top five' navies (First Sea Lord, 2012). Yet as politicians become ever more concerned with economic efficiency, so Britain's military forces are coming under increasing pressure to innovatively extract value by streamlining structures and wherever possible, contract out services to the private sector. After more than thirty years of Royal Navy dockyard privatisation and outsourcing, and wholesale privatisation of a host of naval services, many opinion formers are now starting to favour the idea of key warships being leased from, and in part crewed by, the private sector (Labone, 2006). They also accept that under budgetary pressures, privately owned merchant vessels should make their own provision for key aspects of security when in some areas the world (BBC News, 30 October 2011).

From a Weberian perspective such a shift in discourse is important because it represents an undermining of the modern democratic nation-state's "quintessential function and signifier of being" (Small, 2006: 12). By

legitimizing private sector action and involvement in the production of force the state is arguably undermining the core reason of its own existence.

2.3 Theoretical Foundations of New Public Management

Beyond the navy, the analysis of public administration has long considered questions of efficiency and effectiveness (Pollitt, 2003; Behn, 2001). Since the early 1990s, the literature of the New Public Management (NPM) school has argued that traditional public sector organisations should, whenever possible, be recast to emulate entrepreneurial businesses and that in adopting market-based techniques will deliver enhanced performance (Hughes, 2003; Adams, 2000: 498-499; Barzelay, 1992; and Osborne and Gaebler, 1992). Critical of this approach are the more traditional Public Administration (PA) theorists (Terry, 1998; Cohen and Camicke, 1995; and Clay, 1994) who hold that such approaches conflict with the natural role of government and the principles of democratic legitimacy.

Over the past thirty years, the continuing shift of governmental responsibility to more market-based mechanisms and approaches, including privatisation and managed competition, remains at the forefront of public management reform in both academia and on the front line of policy. While Andrews and Moynihan (2002: 282-297) define privatisation as outsourcing or contracting a service to the private sector without allowing government organisations to compete, and they define managed competition as the establishment of competitive bidding processes for service provision between internal government providers and external private contractors, generally, the NPM paradigm purports to overcome the key problems popularly associated with government.

For Pollitt these include low public confidence in bureaucracy, poor programme design, inefficiency and underperformance (Pollitt, 2003 pp 7-29). Moreover, for King, Stivers and Nank (1998), NPM aims to contend with a

continuing legitimization crisis (Habermas, 1975) whereby government is popularly perceived as being inherently wasteful and inefficient. In this context, NPM's advocates argue that its functions and services must be more business like so as to bridge the disconnections between the state and the citizenry. To Hughes (2003), the NPM school contains two key arguments. First, the market is the most sophisticated allocator of scarce resources. Second, individuals are the best planners of their own welfare.

Ultimately, it may be argued that NPM is the theoretical conjuncture of two strands of thought (Kaboolian, 1998; Hood, 1991). First, it is informed by new institutional economics, which is rooted in the paradigms of public choice theory and principal-agent theory. Derived from the work of Arrow (1963) and Niskanen's work on bureaucracy (1971), institutional economics stresses competition, demonopolisation, consumer choice, market incentives and transparency. Also informed by the Austrian, Chicago and Virginia schools of thought, its advocates also believe it to be more epistemologically sophisticated than the traditional view of bureaucracy based on top down planning, formal hierarchies and the elimination of competitive duplication (Thompson and Jones, 1994; Ostrom, 1974).

Second, NPM is informed by managerialism, which follows in the wake of scientific management (Hood, 1991: 3-19; Merkle, 1980). Stressing private sector management techniques, professional hands-on management and the numerical measurement of performance (Lynn, 1996), managers are recommended to have the incentives and freedom to function in the pursuit of measurable outputs. Crucially, public choice theorists reject the idea that government agents are neutral, all-knowing actors, and instead focus on notions of state failure. Arguing that a monopoly rooted in legislative favour will inherently lead to inefficiencies, public choice theorists argue that if contracting out and privatisation are embraced then market incentives will facilitate more responsive and efficient outcomes.

Principal-agent theorists focus on the issue of how to get a public servant (an agent) to act in the optimal interests of the citizenry as represented by elected officials (or principle). Concerned with the epistemological challenge that the agent often holds more expertise and information than the principal (not to mention different incentives), so agency, transaction, monitoring and compliance costs are all viewed as impeding efficient agent performance so as to ensure compliance with the desires of the principle. Emphasising the assumption that humans are economically rational, utility maximising agents (Buchanan, 1978), institutional economics holds that the market reduces transaction costs and rests on purposeful, goal-oriented action. For Kelly (1998: 201-209), one of the guiding principles of NPM is that administrators will act rationally to maximise their own choices and opportunities for perceived success. In this context, the public sector is composed of numerous principle-agent relationships both within and between entities. Moreover, the principle-agent paradigm suggests that administrative autonomy reduces democratic accountability, as officials are able to use their strategic position to adapt and change the plans of elected officials (Worsham, Eisner and Ringquist, 1997: 419-442). To principle-agent theorists, the key issue facing elected representatives is the requirement that their subordinates are focused on the goals of the citizen and not their own self-interested desires (Arrow, 1985: 37-51).

While DeLeon and Denhardt (2000) argue that the NPM school is increasingly permeating all areas traditionally associated with public administration, Eikenberry and Kluver (2004) assert that the public sector is now emulating the techniques and norms of the market and using it to inform public policy formulation, execution and management. This thesis, concerning public private partnerships and modernisation of the Royal Navy, not only illustrates this point but moreover, its research data highlights the extent to which it is now impacting on the inner most core of this nation's statecraft: its naval defence. While the continued expansion and extension of NPM approaches (see sections 2.4 and 2.5 below) raise key questions for the advocates of public administration and all forms of good governance, its emphasis on business values and the economics of the market continue to be challenged

by numerous scholars. For example, Cohen and Eimicke (1997) point out that many public administration advocates are critical of NPM because they believe it underplays the importance of constitutional law in many areas of activity and the role of democracy. Such critics often argue that genuine entrepreneurs cannot be created in government, as market incentives cannot be substituted for statute law and such rubrics of legitimation as the redistribution of wealth and wider notions of societal and communal duty.

While advocates of NPM want to encourage officials to take calculated risks using business strategies, opponents view such practices as an inappropriate challenge to democratic governance (Kelly 1998; Terry, 1998). Terry (1998) in particular, highlights an overt conflict between the protection of democratic legitimacy and market-oriented, competitively motivated, public sector entrepreneurs. He argues that such economistic managerial foundations merely encourage opportunistic, self-serving and, ultimately, deceitful managers and officials. Moreover, public administration advocates argue that the market-based model of NPM, with its emphasis on entrepreneurship and satisfying individual clients' perceived self-interest is inconsonant with democratic citizenship and key notions of collective public interest. Crucially, the free market is also deemed to be amoral and therefore blind to the importance of social justice. Moe and Gilmour (1995) suggest that the market-orientation of NPM rests on a fundamental miscategorisation rooted in the different legal foundations of the public and private sectors. Whereas business is inherently reliant upon contract and commercial law, the public sector is constrained by constitutional considerations and statutory duties. Similarly, Frederickson (1997) asserts that the goals and objectives of government and business are fundamentally incompatible, and that the axioms of private sector entrepreneurship often encourage perverse incentives and unethical behaviour. While Williams (2000) asserts that NPM often relies on conflicting advice reflected in heightened levels of ambiguity, Pollitt (2003) argues that request for performance evaluation and stakeholder engagement requires public sector entrepreneurs to be simultaneously creative and responsive, transparent and measured, and not to make any

decisions that could affect key groups without involving them in the decision makes process.

Another critique of the NPM paradigm comes from the normative perspective of the Blackburg school: occasionally referred to as the 'Blackburg Manifesto'. Arguing for the legitimization of a constitutionally based Public Administration, it stresses the concepts of social equity, broadening democratic participation in administration and warns against the drawbacks of what it perceives to be simplistic modes of positivism and pluralism (Evans and Wamsley, 1998). For the Blackburg school, legitimacy of public organisations is founded in constitutional arrangements oriented around the agency perspective as the locus of public-spirited discourse. Individual morality is socially bound and often in part constructed by institutions that develop cultures that guide individual values and behaviour. They argue that institutional structures determine social outcomes and that atomistic personal responsibility is not enough to ensure the perpetuation of grounded values. As such, institutional responsibility is required and, so far as democratic government goes, it must take the public interest into account as a central tenet of governance.

Standing in opposition to institutional economics, public choice theory and notions of marketisation, concern for the public interest is the key distinction that emerges between the public administration and business management perspectives. For the normative perspective of the Blackburg school, public interest is the long-term ideal set within institutional boundaries of a continuing process. Critics of the normative perspective argue that under analysis there is no distinct contrast between the agency and the market. For White (1990), while the agency is merely the institutional container for the market overtime, Golembiewski (1991) argues that the normative perspective offers no practical sense of how to operationalise its axioms in the real world. Current views concerning decision-making in public administration can be traced back to the Wilsonian belief that public officials are able to engage in value-free decisions, concerned only with matters of technical expertise and implementation (Van Wart, 1998). It may be argued, however, that this has been replaced by more

sophisticated perspectives. For example Blanchard, Hinnant and Wong (1998: 483-512) argue that modern market-based reforms represent a fundamental shift in the social contract between the state and individuals. Significantly, they refer to a “social subcontract” that now embraces citizens, government and the private sector. For them, market forces and state failure have fundamentally changed the relationship between citizens and the state and in so doing have blurred the notions of accountability and governance between citizens and customers (Blanchard et al., 1998: 483-512).

2.4 New Public Management and the Theoretical Frameworks Around Privatisation, Public Private Partnerships and Outsourcing

From the perspective of an analytical framework, NPM is mainly articulated through three distinct, yet occasionally overlapping, approaches to public policy. Away from nationalised, tax-funded, state owned organisations, privatisation involves the transference of an activity and its assets once owned and operated by the state sector to the private sector, through a sale, concession, or similar mechanism (Netter and Megginson, 2001: 321-389). Under privatisation, a government either eliminates direct control and ownership of function(s) and the delivery of service(s) (full privatisation), or it retains a degree of influence by holding some stock in the privatised firm. The intention of privatisation is that the day-to-day management, production and delivery of goods and services is left to private operators in a market and that government involvement is merely regulatory.

Away from privatisation, Public Private Partnerships (PPPs) are popularly associated with those government reforms and functions that involve the private sector but which do not amount to a full-blown market approach. For example, the outsourcing of government functions, through transference to the private or not-for-profit sectors, is often aimed at achieving greater fiscal control and more efficient modes of delivery. In many ways, outsourcing is a manifestation of the classic make-or-buy decision and can include those key functions traditionally associated with government. As part of the NPM

paradigm, the presumption is that private vendors can provide public services more cheaply than government agencies (Savas, 2000), however, there is nothing intrinsic to outsourcing that necessarily requires partnership. Instead, PPPs reflect a particular and distinct mode of government acquisition, which contrasts with traditional forms of contracting out and outsourcing. Under a competitive, contracting-out approach, government dictates the terms and conditions for service production and delivery. A government agency as purchaser defines what it needs, specifies the desired product(s) and/or services, and issues the request-for-proposal which enables those in the private and/or not-profit sectors to bid for the work. Ultimately, vendors are invited to present proposals on the basis of public sector specifications.

According to Cooper (Cooper, 2003), successful conventional contracting requires arm's-length negotiations, transparency, clear specifications of the good(s) and/or service(s) being bought, and specific evaluation and performance criteria. Under this model, the public sector serves as the project manager or overseer, making sure the vendor supplies the goods and/or services promised in a timely and effective manner. The public-private interface is legally contractual, transparent and transactional. So far as there is a relationship, it is based on vendor compliance. Conflicts are resolved through contract renegotiations, dispute resolution and ultimately the court system.

In contrast to outsourcing, under a PPP government defines the problem and, sometimes, specific performance indicators. Yet throughout there remains extensive interaction between the agency and potential private partners during pre- and post-award negotiations to determine how the goods and/or services might be provided. In PPPs, private operators are elevated to being full partners in determining the forms and approaches used to provide the specified quantity and quality of that which is required. Reliant on sound communications, respect and mutual trust, PPPs are characterised by three critical conceptions. First, the relationship between the relevant public and private sector organisation(s) has to be long term and denote more than a one-time relationship as might occur with conventional contracts. Second, the

private sector is involved from the outset in decision-making processes (concerning how best to provide a good and/or service) and not simply the production and delivery elements. Third, the relationship can involve a negotiated allocation of risk between the public and private sectors, and therefore ease the burden on government. PPP's emergent themes take a variety of forms and can often involve areas more traditionally associated with government. Reflecting various degrees of private involvement, their formats can include: design, build, and operate; build, own, operate, and transfer; and design, build, finance, and operate (Hodge and Greve, 2005). From this viewpoint, PPPs reflect a unique relationship between government and private enterprise. While the government retains ultimate responsibility for the delivery of the good(s) and/or services, it becomes a partner with the private sector both in decision-making and delivery (Grimsey and Lewis 2004; Yescombe, 2007).

In the UK the privatisation of public assets commenced in the 1980s under the government of Margaret Thatcher and have continued under all successive administrations. By 2001, 114 companies had been privatised with a total value of over £61bn (2001 values) and over the years the process of marketisation has been deepened and widened via the Private Finance Initiative (PFI), commenced under Major in 1992, and Public Private Partnerships (PPP): continued by the Blair and Brown administrations (Flynn, 2007, 252-269). While privatisation has generally been promoted in the context of reducing the burden on the Treasury and 'setting free' reportedly over-staffed and under-capitalised industries, those utilities deemed to have a profile akin to natural monopolies have been subjected to statutory watchdogs and invariably complex regulatory regimes (Flynn, 2007).

While such liberalising measures are sometimes equated with better performance, increased efficiency, greater accountability, increased access to capital, greater profitability, more wealth creation, and even eventual job creation, opponents of privatisation and ongoing marketisation argue that certain public goods and services should remain in the public sector so as to ensure accountability and that everyone in society has access to them. They

argue that there is a positive externality when government organises public goods and services, such as the production and enforcement of law and defence, and that although private companies might in time provide similar goods and/or services, they will be prone to corruption, lack accountability, undermine national security, cut essential services, concentrate wealth in the hands of a few, and increase unemployment and poverty (Dagdeviren, 2006, 469-488).

While the process of increased marketisation sometimes appears to be part of a broader global trend towards liberalisation and privatisation, under the early twentieth-century Weberian state: “One of the main reasons for establishing the old welfarist hierarchies was a perception of market failure in certain areas and the need for government to intervene. Their dismantling in recent decades was a result of the perception of government failure” (Massey and Pyper, 2005: 131). Indeed, while the process of marketisation has generally been promoted in terms of empowering citizens as consumers there is, as yet, no substantive evidence “to demonstrate that consumers are any more empowered under the new structures. There is no evidence to demonstrate that the new structures are necessarily more efficient, effective and dynamic” (Massey and Pyper, 2005: 131).

Whilst NPM ultimately stresses hands on professional management, explicit standards, managing by results, value for money and, more recently, closeness to the customer, as a paradigm, it is generally articulated in terms of the ‘3Es’ of economy, efficiency and effectiveness. However, faced with hard questions, Hood and Dixon (2013: 114-34) argue that the overall evidential base for NPM is, in reality, riven by little more than assumptions and ‘soft facts’. Whilst Pollitt (1998: 54) argues that the empirical underpinnings of the claims for greater efficiency associated with NPM are far from complete, and in the latest edition of his and Bouckaert’s cross-national analysis of public management reforms they note that the “availability of evidence of efficiency gains is patchy and incomplete” (Pollitt and Bouckaert, 2011: 140), Hood and Dixon conclude that when it comes to UK central government, there is as yet: “...little evidence of real running cost reductions

in the early NPM era” (Hood and Dixon, 2013: 114). They continue: “...contrary to stereotype, 1980s NPM...does not offer a model for the scale of administrative cost-cutting currently planned, and even the cutbacks of the 1990s fell far short...The conclusion for the academic study of NPM is that something more than a minor revision of the received view of NPM as a cost-cutting movement is needed...” (Hood and Dixon, 2013, 114).

Given this reality check, critiques of NPM have tended to focus on three key strands of argumentation. First, some view NPM as a rent-seeking activity involving excessive reorganisation and costly management development (Wilson, 1980). Second, NPM is sometimes viewed as being more about ideology and rhetoric than any concrete or substantive process of cost reduction and efficiency (Pollitt and Bouckaert, 2011). Third, Dunleavy and Carrera (2011) argue that in concentrating managerial power, NPM has actually worked against the sort of effective service delivery and cost saving that could otherwise be drawn from the integrative and web-based applications of information technology.

Whilst NPM has arguably delivered benefits to shareholders and some in society, and it has arguably facilitated more flexible and dynamic approaches to some forms of service delivery, it has notably done so in a period of increased relative poverty and social exclusion. Across the West, the wealth gap has widened. While the earnings of the average US chief executive has increased from forty-two times as much as the average manual worker in 1980, to 660 times by 2007 (Toynbee and Walker, 2008, 44), so the capacity of markets to materially and conditionally include and liberate all in society remains a moot point. That said, in the area of defence, whilst early National Audit Office (NAO) reports often detailed criticisms of costly military projects that had overrun both in terms of time and money, more recently, the NAO has stressed benefits in terms of value for money, price certainty, and the timely delivery of good quality assets for many projects (Massey and Pyper, 2005, 117).

When it comes to the overall mapping the changing landscape of public management reform over the last three decades, Alford and Flynn (Alford and Flynn, 2013) argue that government has played both a smaller and a larger role in society. The public sector is smaller in that it is “now an established truth that public services can be delivered by a wide array of parties external to given public sector organisations” (Alford and Flynn, 2013: 5). Paradoxically, the more government “surrenders the role of producing public services to external parties, the more its role expands in other respects” (Alford and Flynn, 2013: 5). For them, this is because “public agencies need to interact with those external entities to elicit their productive contributions” and that this interaction occurs through a wide variety of mechanisms, including:

“...contracting, partnering, education, persuasion, incentives, subsidies, ‘hard’ and ‘soft’ regulation, and enhancing service information and convenience – which together have important implications for policy making and management”. (Alford and Flynn, 2013: 6)

Whilst NPM encompasses several varieties of public sector reform that embrace privatisation, marketisation, corporate management, regulation and decentralisation, its main contextual and institutional drivers are popularly deemed to be globalisation, the World Bank and the Organisation for Economic Co-operation and Development (OECD) (Rhodes, 1997). Alan Murray (Murray, 1997: 51-61) characterises the main justifications of privatisation in the following terms. First, ‘fiscal impact’ arguments suggest that divestiture will help cut government expenditure and restore budgetary balance. Second, ‘efficiency gains’ are thought to accrue in terms of allocative efficiency, productive efficiency and that if this line of reasoning is accepted then inefficiencies may arise specifically from public intervention in one part of an economy yet adversely impact another, in which case privatisation may reduce distortions via ‘non market’ efficiency gains.

Whilst non-economic factors limiting privatisation may include political and labour resistance, arguments surrounding welfare, the need for political

accountability and centralised decision making, for Wise (Wise, 2002: 555-567), key competing drivers of public management reform beyond the purview of NPM include: “demands for greater social equity, humanization and democratization and empowerment” (Wise, 2002: 556). While these drivers of reform are often difficult to disentangle from each other they nevertheless conjoin in terms of effect. As normative drivers of administrative reform connect with rising expectations, and a range of broad social changes, social equity is advanced by policies, agreements, and laws that promote fair treatment and prohibit discrimination (Rawls, 1971). In promoting tolerance, diversity and greater inclusion these approaches are also tied to greater degrees of democratization and individual empowerment. The belief that organisations benefit from greater employee participation and less from the deployment of patriarchal and hierarchical management practices is also consonant with the “elimination of layering, more informal coordination within organisations, less reliance on the authority of command, and greater efforts to involve staff in the identification of organisational goals and objectives” (Wise, 2002: 557-8).

Although NPM became a global phenomenon in the 1980s and 1990s (Bevir, Rhodes and Weller, 2003: 1-17) and was set as a formal policy goal by international organisations like the OECD and the World Bank (OECD, 1995; World Bank, 1992), NPM practices were not only extensively institutionalised in many advanced countries (Dunleavy, Margetts, Bastow and Tinker, 2005: 467-494), but arguably they contributed to the modernisation of their respective public sectors (Lapsley, 2009). However, as was made clear by Lynn and Hill in 2008 (Lynn and Hill, 2008), NPM is still far from being universally accepted and, in reality, there is only a partial convergence when it comes to practice (Lynn and Hill, 2008).

Although NPM encapsulates an overall description of the way(s) in which public sector bodies bring their management, reporting and accounting approaches closer to business methods (Pollitt 1993; Dunleavy and Hood, 1994), and it offers an influential set of management techniques that draw on private sector performance practices (Lapsley, 2009), Hood (1991) argues

that NPM was also born of four key administrative trends. First are government attempts to slow down or reverse growth in terms of public spending and staffing (Dunsire and Hood, 1989). Second is the shift towards privatisation, and quasi-privatisation, and a general move away from core government institutions (Dunleavy, 1989). Third is the development of information technology in the production and distribution of public services (Theakston, 1995). Fourth is the development of a more international and globalised agenda (Hood, 1991). Whilst Hood (1991) stresses the importance of new institutional economics (and its key ideas of contestability, user choice, transparency and incentive structures), and he highlights the movement towards more business type managerialism across much of the public sector (also see Pollitt, 1993), after two decades of dominance by NPM, it has become clear that there is increasing dissatisfaction with its somewhat limited and narrow focus (Lapsley, 2009).

Whilst Lapsley (2009) states that NPM continues to make a positive contribution in some European and developing countries, other literature focuses increasingly on NPM's failings and presents alternatives (Dunleavy, Margetts, Bastow and Tinker, 2005; Osborne, 2006; Dunn and Miller, 2007). Dunleavy et al., (2005) argue that the torch of leading edge change has already passed from NPM and that it will not return. They examine NPM from three different subtexts: disaggregation, competition and incentivisation and state that these themes have often been reversed as, in reality, they led to policy failures and unintended consequences (also see Pollitt, 2003). Osborne (2006) criticises NPM for its intra-governmental focus in an increasingly plural world and for its dependability on the application of outdated private sector techniques. Osborne suggests that NPM places too much emphasis on service inputs and outputs as opposed to service processes and outcomes.

Although NPM arguably focuses on improving management functions by introducing new form of managerialism (Dunn and Miller 2007), Osborne and Plastrik argue that it nevertheless neglects wider governmental, political, and socio-cultural realities (Osborne and Plastrik, 2000). Similarly, Stoker (2006) argues that NPM seeks to confine politics to the role of initial input into the

system(s) of management and act as the final judge, whilst politics should be seen as a process that breathes life into wider processes (Moore, 1995; Smith, 2003).

2.5 The Hollowing Out of the State? The Rise of Governance, Policy Networks and a Differentiated Polity

In his article, 'The Hollowing Out of the State', Rhodes writes that: "The phrase "the hollowing out of the state" suggests that the British state is being eroded or eaten away" (Rhodes, 1994: 138). In an 'avowedly speculative' effort to make sense of such a notion, he notes that whilst things 'erode' from the outside, they can also 'hollow' from within. Viewed from his perspective, the hollowing out thesis primarily concerns a fundamental erosion of the centre of the state's core. While it is not necessary to debate the tensions between the idea of a hollow state versus a hollow core, since the hollow state by definition implies a state with a hollow core, it is important to note that while *de jure* political power may still remain with a nation state, its capacity to project and utilise its *de facto* power can become significantly weakened. Although this may in part be due to internationalisation and risks emerging from the global environment, and some state capacities can be transferred to pan-regional, plurinational, or international bodies with broadening powers, other state capacities can be transferred to restructured local and/or regional levels of governance while others are taken over by emerging horizontal networks of power that by-pass central states: instead connecting localities and regions in several nations.

While Rhode's (1994) work on the internal or domestic front identified the development of a multiplicity of alternative delivery systems including executive and arms length agencies and their impact on the fragmentation and increased complexity of British government, his work also sought to clarify the looming threats of what he termed 'policy catastrophe'. In highlighting the limitations of discretion for public servants through privatisation and NPM, a range of unintended consequences and outcomes

were identified. Whilst fragmentation was deemed to foster inefficiency through overlapping functions that obscure lines of accountability, complexity was said to compound the problem. Ultimately, the loss of accountability is likely to result in a further loss of political control at the centre.

In the context of NPM and public administration, the term 'governance' is increasingly used to denote new processes of governing and/or changed conditions of orderly rule over and above the simplicities of the traditional Westminster model (mentioned above). In delineating an approach to reform that stresses self-organisation and inter-organisational networks, the concept of 'governance' broadens the traditional concept of government to include a multiplicity of non-state actors. Shifting the state's boundaries to include the private and voluntary sectors, the state's perimeters are increasingly opaque and blurred. Its need to exchange resources and negotiate shared purposes demand ongoing interactions between network members. Requiring trust and rules to be negotiated and agreed by participants, relationships are increasingly characterised by game-like interactions. Increasingly non-accountable to the nation-state but an array of other stakeholders often cited in civil society, these networks become to some extent self-organising and semi-autonomous. With the nation state no longer occupying a preeminently privileged, unitary and simplistically sovereign role, Rhodes argues that it can only indirectly and inexactly guide increasingly powerful networks of actors (Rhodes, 1997: Chapter 3).

In characterising the world of governance, Smith and Rhodes (Smith & Rhodes, 2001) argue that the Westminster system has already substantially transitioned from Weberian bureaucracy to self-organising policy networks and practitioners. Whilst the bureaucratic state displayed high degrees of legitimacy and control to undertake large-scale interventions in society through policies such as nationalisation, governance embraces a political economy rooted in the organisational principles of privatisation, decentralisation, delayering and empowerment. As such, governance points towards a tendency to guide the overall direction of policy rather than proscriptively specify or control it in detail. From this perspective, whilst all

governments confront an array of vested interests, and their aggregation is a functional prerequisite of statecraft, powerful networks of policy formulation and implementation represent more of an oligopoly in the political market place.

Policy networks are important because they limit participation in the policy process. They also help to define the role of actors; decide which issues will be included and excluded from the policy agenda; define the rules of the game; shape the behaviour of actors; privilege certain interests by according them access and favouring their preferred policy outcomes, and; they substitute private government for public accountability. In extremis, this reformation of the scope and form of public administration and management to encompass privatisation and the transfer of functions to new service delivery networks, not only reduces the capacity of the centre to control, steer and guide policy (Rhodes, 1997), but ultimately it can be thought of as representing modes of operation that proactively contribute to the hollowing-out of the twentieth century Weberian state.

Whilst since 1979, government policy arguably fragmented service delivery and shifted control from front-line, top-down, bureaucracy to diffuse networks across the public, private and voluntary sectors, so the shift from government to governance and from bureaucracy to diffuse networks in and around civil and commercial society becomes increasingly clear. In a drive to deliver greater political and economic efficiency, large swathes of the traditional public sector has not only embraced numerous and significant market based reforms, but politically, the notion of governance is itself challenging the idea of Britain as a unitary state with a strong, centralising executive.

Whilst early twenty-first century Britain can increasingly be viewed as a differentiated polity in which a complex maze of institutions gain varying degrees of functional autonomy, what is not clear however, is the extent to which such practices are truly and profoundly new, particularly when one considers the Royal Navy; an organisation that in terms of its political

economy traces its institutional and organisational roots back over a thousand years.

2.6 Neglect of Time

In 2004, Paul Pierson published his book, *Politics in Time* (Pierson, 2004), in which he argues that the social and political sciences have become 'decontextualized'. Arguing that they neglect an explicit theoretical treatment of the temporal dimension, Pierson echoes the work of scholars in sociology (Abbott 1997, 2001), comparative history (Thelen 2003) and political science (Goodin and Tilly 2006). It was the Marxist historian Eric Hobsbawm who made a similar assertion when in 1998 he wrote:

"Modern social science, policymaking and planning have pursued a model of scientism and technical manipulation which systematically, and deliberately, neglects human, and above all historical, experience (Hobsbawm 1998: 36)."

For Pierson, the neglect of time is primarily rooted in the influence of rational choice theories. Centered on notions of rational, utility maximising agents, such approaches are either context free or very limited in scope. The charge is that their authors assume that the model of the rational maximiser apply everywhere and at all times.

For Christopher Pollitt in his book, *Time, Policy, Management: Governing with the Past* (2008), what Pierson says of the political and social sciences is also true of the public administration and public management paradigms:

"The most important of these [decontextualising trends] has probably been the influence of generic management theories purveyed by the business schools, management consultancies and management gurus." (Pollitt, 2008: 8)

Varone (2001) argues that the NPM paradigm has led to the replacement of longer-term administrative perspectives on time by shorter-term political incentives. Indeed, Prime Minister Tony Blair's head of public service Delivery Unit, Sir Michael Barber, commented that when it comes to UK public services, "A week may be a long time in politics but five years is unbelievably short" (Barber, 2007: 193). In analysing the major literature across management theory, organisational theory, public administration and even public policy, Pollitt concludes:

"...knowledge of how things were done in the past seems increasingly irrelevant....The past is left a closed, and by implication an uninteresting and irrelevant book." (Pollitt, 2008: 9 and 10).

From a public policy perspective, the point about a closed past is nowhere more poignant than in the context of the Royal Navy: an organisation that traces its roots a thousand years to the Saxon fleet. To ignore its history, evolution and policy paths is to deny a temporal dimension that can not only inform the present but also potentially recast the future.

2.7 Navigating Timeships

Overall, the temporal dimension in academia is essentially articulated through six iterations, to which we now briefly turn. First, are the traditional approaches to history. While McDonald argues that historians are: "historically self-conscious analysts reconstructing fully contextualised accounts and representing them in a theoretically sophisticated narrative that takes accounts of multiple causes and effects" (McDonald, 1996: 10), it is arguable that such history sets its sights on nothing more than the production of an accurate, credible and coherent story:

"What is sought is not the testing of an elegant hypothesis drawn from a

general theory about how society works but rather a highly specific and contextualized explanatory story which allows us to understand how this particular set of events came about.” (Pollitt, 2008: 33)

Other historians insist on borrowing ‘covering laws’ from the social sciences and attempt to articulate overarching theories of how society has developed and where it might be going. On these, Sewell points out that such:

“A teleological explanation is the attribution of the cause of a historical happening neither to the actions and reactions that constitute the happening nor to concrete and specifiable conditions that shape or constrain the actions and reactions but rather to abstract transhistorical processes leading to some future historical state. Events in some historical present, in other words, are actually explained by events in the future. Such explanatory strategies, however fallacious, are surprisingly common in recent sociological writing and are far from rare in the works of social historians”. (Sewell, 1996: 247)

Some historians shun theory and grand narratives instead preferring to focus on the indexical and unique for its own sake. Biographers often approach history in this manner, focusing on agency and prominent individuals. Nowadays, however, while the most grandiose and deterministic of rules governing epochs might be resisted, historians are generally open to explore trends, concepts and patterns. The notion that each event is unique and cannot be classified alongside others is no longer acceptable.

The second approach to time is the path dependency (PD) framework. Following Kingdon’s seminal work, *Agendas, Alternatives and Public Policies* (Kingdon, 1995), PD explores the durability of systems, policies and organisations over long periods of time; despite changing environments. Moreover, according to Pollitt:

“PD offers something beyond the usual incrementalist models by drawing attention to the possibility of sudden, rapid moments of change – “punctuations” set in longer sentences of relative continuity (‘paths’)” (Pollitt, 2008: 42).

Ultimately, PD highlights the discontinuous, non-linear change that contemporary complexity theorists and Austrian school economists (see Chapter IV below) stress: the Austrians believing economics to be a praxeological discipline rooted in free will and human action, not mathematics and the narrowly deterministic world of computer aided modeling. Hence, like the Austrian school, PD theorists emphasise the indexicality of context, including the dimensions of time, space and task (Abbott 2001, Pierson 2004).

In recent years, another attraction of PD has been its concern with some of the continuities in public sector life, as set against the political rhetoric and positioning of ‘modernisation’ and the ‘new’ (Moran, 2003). Significantly, PD:

“...is neither a framework, nor a theory, nor a model...[It is] an empirical category, an organising concept...Path dependent processes, even when identified require theorizing” (Kay, 2005: 554).

Therefore, PD is not a theory; instead, it offers a set of concepts and ways in which change can be viewed.

When it comes to the mechanisms of stability and change, some authors focus on economic concepts such as increasing costs, sunk costs, investments and disinvestments in administrative infrastructure, and policies that benefit key interest groups (Kay, 2005). Moreover, the formal and/or informal building of contracts with individuals further widens and lengthens the mechanisms of PD. They might be utilitarian and functional, and/or political and cultural in nature (Thelen, 2003: 218). They might also be material and/or ideational. Overall:

“They range from fairly crude calculations of short term profit to ‘softer’, longer run processes of socialization into a particular institutional environment. In this sense PD is...very open-ended.” (Pollitt, 2008: 44)

Whether explicitly or implicitly, all PD authors allow for incremental changes within ‘path’ whilst focusing on major changes that are expected to occur at longer and irregular intervals: variously termed in the literature ‘punctuations’ and/or ‘critical junctures’.

The third approach to time comes from those theorists who concentrate on cycles or alterations in administrative fashion. While the advocates of path dependency view time as being sequential, cycle theorists such as Stephen Jay Gould (Gould, 1988) believe some environments, such as deep geological time, are more powerfully examined through the prism of cycles and/or the concept of oscillation. While some writers in public policy and management use the idea of cycles and alterations (Davis et al, 1999; Talbot and Johnson, 2007; Marcussen, 2007), to Gould, they fail to provide explanations rooted in clearly identifiable mechanisms and laws. Perhaps the most widely used notion of cycling concerns the electoral sphere of politics (Schultz, 1995). In a strong majoritarian system such as the United Kingdom’s, it is widely held that the time in a cycle to introduce radical and unpopular policies is at the beginning where the unpopularity can be dissipated over time.

In the organisational setting, Tichy (1980) argues that there are three basic cycles that are inexorably tied to three central problems. These are:

1. The technical design problem: how to arrange efficient production.
2. The political allocation problem: how to distribute resources and power.
3. The cultural and ideology problem: how to maintain and reinforce the normative glue that holds the organisation together.

For Tichy, none of these problems are ever fully resolved. Adjustments are always required with peaks and troughs occurring that denote varying degrees of organisational difficulty. It is when problems simultaneously occur in all these areas that an organisation faces a fundamental and systemic crisis.

The fourth approach to time comes from sociological studies of time and management. For sociologists, notions of time are constructed by cultural and social contexts. Viewing time(s) as having different functions for different interests which “use their own forms of time as instruments with which to seek their own purposes” (Pollitt, 2008: 59), it soon becomes clear that the invention of the watch or the digital revolution adds a further twist to the realm of competition. In the age of global real time communication we arguably have supercompressed time:

“At the very least, the handling of temporal complexity involves the following: the electronically networked temporality (instaneity, simultaneity, immediacy, real-time interactions, non-sequential and non-linear discontinuous processes), which is combined with clock time (externalized, invariable, decontextualised, spatial, quantitative, linear and sequential), which, in turn, is superimposed on the time of living and social processes (embodied, system specific, contextual, irreversible).” (Adam et al, 2002: 19)

In the book on organisational cultures, *Cultural Consequences*, Hofstede (2001) argues that long versus short term orientation is one of the key six dimensions of culture. Significantly, he concludes that on this dimension East Asian countries tend to have a much stronger orientation to the longer-term than Western countries do (Hofstede, 2001: 351-72). While in Helga Nowotny's book, *Time: The Modern and Postmodern Experience*, the clock established its dominance during the early machine age, more recent

developments have delivered a world built on what she calls an 'extended present'. Described as processes through which the present eats up much of the future as well as some of the past (Nowotny 1994), the future is argued to be a broadly defined space within which the idea that progress and utopias can be constructed has given way to a more problematic and dangerous future in which control has to be exerted by planning ahead 'now'. The common problems cited include new epidemics, terrorist attacks, economic problems, and the impact that changing demographics will have on welfare (to name but a few):

“The future has become more realistic, not least because the horizon of planning has been extended...The invocation of the future, in the name of which political action was justified for a long time, had to be reduced and at least partly transferred to the present”. (Nowotny, 1994: 50).

In terms of the study of public policy and management, Nowotny identifies time as a strategic tool and an instrument of power. While the powerful keep the powerless waiting, “career officials can fight an unpopular order or change with the oldest and most lethal weapon in the arsenal of public bureaucracy: delay” (Warwick, 1975: 68).

The fifth approach to time comes from the paradigms of organisational evolution and ecology. Primarily concerned with the key questions of organisational mortality and survival, explanations are located within frameworks from which outcomes emerge through logically inter-connected and temporally bound sequences and events. Through this prism, organisations are viewed in terms of ecological interaction and replication (Baum and Singh 1994). Organisations not only interact with their environments (including other organisations) but they attempt to preserve, enhance and pass on information. One of the interesting findings common to a number of evolutionary analyses is that inefficient and/or adaptive organisations do not necessarily fade away and terminate after long periods

of time. Instead, the specter of the permanently failing organisation is raised:

“Whereas mortality tends to decline with age for broad classes of organizations – old organizations are less likely to die than are young ones – what little evidence there is suggests that performance does not improve correspondingly with age” (Meyer and Zucker, 1989: 14).

For Meyer and Zucker, permanently failing organisations have invariably been captured by their own managers and workers and are no longer being run for the benefit of owners and/or wider society. From this perspective, public sector organisations are viewed as being particularly vulnerable when compared against market-based organisations:

“The public sector is different. As often as not public sector objectives are ill-defined and interests in and around public organizations are divergent from the outset. Public organizations, therefore, carry from their beginnings many of the liabilities that emerge only much later, if at all, in private firms”. (Meyer and Zucker, 1989: 136)

The sixth and final approach to time comes from cognitive processes and relates to the biases of decision makers. A much more psychologistic and individualist approach than the others cited above, what its theorists tell us is that most of us, most of the time, make decisions that we believe ‘at the time’ to be a rational. Revealing biases, cognitive constraints and the inevitability of error, proponents also emphasise a strong temporal dimension. While one of the most frequently cited cognitive constraints is ‘limited time’ (Hammond, 1996: 303), two of the most frequently cited biases are ‘availability’ and ‘hindsight’. Typically, the phenomena identified are things that have happened recently and/or are emotionally salient. In short, the closer we examine stasis or change, the more important the foibles, biases and ex-post facto-rationalisations become.

While these six timeships each stress different approaches it is possible to imagine them working in varying degrees of combination. Just as paths and cycles can co-exist, so Joseph Shumpeter believed history could also be the friend of theory (Shumpeter, 1949). Today, for example, there is no reason why historians and social scientists should not borrow from the PD framework in order to examine constancies and turning points in their explanations. For as Buthe concludes:

“Social scientists interested in explaining historical processes can, indeed should, refuse the choice between modeling causal relationships and studying history...Narratives as a way of presenting empirical information, have distinctive strengths that make them especially suited for historical scholarship, and structuring the narratives based on the model allows us to treat them as data on which to test the model.”
(Buthe, 2002: 481)

Although some contemporary policy makers occasionally suggest that the privatisation and contracting out of key aspects of national defence might lead to greater efficiency, in reality, most military forces around the world remain near-complete government monopolies. As in the case of lighthouses, modern politicians and academics popularly cite defence as an illustration of the need for government provision. However, for Gary Anderson and Adam Gifford: “...just as in the case of lighthouses, the “monopolization” of military force production by the government is a fairly recent historical trend. During wartime, nations have long depended on hired private contractors for a portion of their military might” (Anderson & Gifford, 1981: 100). Echoing Pollitt’s point that what is often taken to be new and unique in public policy is actually bound by a multiplicity of temporal dimensions, Anderson and Gifford point out that: “At sea, until the 19th century, a significant portion of the naval power of many countries was provided by privateers.” (Anderson & Gifford, 1981: 100) It is to this important and frequently overlooked history of governance that this thesis now turns.

2.8 Privateers and the History of Privately Produced Naval Power

Privateers were privately owned and operated vessels that were granted state license to capture ships that belonged to the citizens of enemy states. They significantly benefited their hosts by curtailing the seaborne trade and communications of adversaries. In aiming to sell captured 'prizes' at auction privateers were often important determinants in the outcomes of conflict. The history of privateers goes back to the Middle Ages. According to Donald Petrie they were originally a means by which a citizen of one nation who had been victimized by that of another could achieve restitution for losses (Petrie, 1999: 2-3). Armed with a permit issued by government, a defendant could arm a ship and go hunting for merchant vessels flying the flag of the original protagonist.

Sechrest argues, in his paper *'Privateering and National Defense: Naval Warfare for Private Profit'*, the first permit – known as a letter of marque and reprisal – was issued in twelfth century Tuscany (Sechrest, 2001: 6). But by the end of the fourteenth century they had spread to common usage the length and breadth of the Mediterranean. According to Jerome Garitee (Garitee, 1977: 5), the use of letters of marque and reprisal in England can be traced back to 1243. Although initiated as a system for managing private restitution on the oceans of the world, privateering soon evolved into an instrument of war. Indeed, Elizabethan England was said to have been: "Almost totally dependent upon the private initiative and individual enterprise of its privateering establishment." (Garitee, 1977: 5). While some naval historians and policy makers seek to downplay the impact that privateers had on history and governance, instead preferring to dwell on the deeds of publicly funded navies, the reality is that their contribution was often remarkable. For example, the American colonies of Britain commissioned 113 privateers during the war of 1744-1748. Again, they commissioned between 400-500 privateers during the Seven Years' War of 1756-1763 (Garitee, 1977: 7-8).

During the American Revolution both sides employed sizeable numbers of privateers. Despite the British having a large state-funded Royal Navy, the government nevertheless commissioned more than 700 privateers. According to Gomer Williams, 94 of these ships were built in Liverpool alone (Williams, 1966: 257, 667-669). On the American secessionist side more than 800 ships went to sea in search of prizes (Stivers, 1975: 29). Similarly, the war of 1812 saw 526 American privateers commissioned although according to naval historian Faye M. Kert only half this number actually set sail (Kert, 1997: 78-89). In 1812 Thomas Jefferson underlined the significance of privateers when he asserted that:

“Every possible encouragement should be given to privateering in time of war with a commercial nation...Our national ships are too few in number...to retaliate the acts of the enemy...by licensing private armed vessels, the whole naval force of the nation is truly brought to bear on the foe.” (Williams, 1966: 459)

For Kert, American privateers had a determining impact on the course of the war. She concludes: “Without the presence of the American privateers in the Revolutionary War and the War of 1812, the United States would never have been able to hold off the British Navy.” (Kert, 1997: 81) Again countering those commentators who tend to accentuate the statist history of formal naval forces, Anderson and Gifford have argued that during the period of West European history between 1600-1815 privateers: “Probably contributed much more than warships to the actual harm done the enemy.” (Anderson & Gifford, 1981: 101). For Anderson and Gifford privateering essentially arose in Western Europe when the various nations of the region found themselves unable to maintain tax-funded navies beyond a negligible size. When at war they discovered that the most efficient option was to engage private ship owners and provide them with the sizeable incentives for the capture of prizes.

While a primary objective of war at sea is the disruption and eradication of an enemy's maritime capability, for centuries this task has been accomplished with the full support of the private maritime sector. For even:

“...as late as the wars of the French Revolution and the Napoleonic Wars, the British Navy – the strongest navy in the world – could not have maintained the blockade of France and her colonies without the help of privateers...In several important ways during the period in question, privateering vessels far outnumbered the official “navies” of warring countries...” (Anderson & Gifford, 1981: 102)

Employed to disrupt the ocean-going trade and military supplies of opposing nations, the damage privateers wrought on enemies was often substantial. For example, between 1688 and 1697 England reportedly lost 4,000 vessels to French action and most of these were seized by privateers (Anderson & Gifford, 1981: 102). Again, according to John Brewer, during the Spanish war of Succession 1701-1713, England lost more than 3,200 merchant ships: the overwhelming majority of which were lost to the actions of privateers (Brewer, 1989: 197).

While the owners of privateers tended not to sail with their ships they invariably deployed a share agreement in their contractual relationship with their captains, crews and the relevant licensing government. As such, captains and crews were given shares of the value of the prizes captured. During wartime, normal opportunities for commerce and trade invariably diminished. As such, the incentive for merchants and ship owners to maintain their prosperity through privateering increased with time. Garitee points out that as a result of the British blockade during the war of 1812, imported goods inbound for the US fell from \$139 million in 1807 to \$77 million in 1812 and again to \$14 million in 1814. Moreover, by the autumn of 1813, vessel insurance rates reached some 50 per cent of the total value of a ship plus her cargo (Garitee, 1977: 55, 116).

Privateering was essentially a business that had relatively high market barriers of entry. For example, in Baltimore during the War of 1812, the cost of building, outfitting, arming and crewing a typical schooner of 200 tones was then more than \$40,000 (Garitee, 1977: 125): approximately \$2 million today. Similarly, for a British example the Liverpool privateer Enterprise in 1779 was built, outfitted, manned and operated during its first year for a total of some £7,000 (or \$35,000) (Williams, 1966: 661-664). Given the sizeable sums required, ships tended to have a number of investors. Depending on the size of the vessel a typical American ship at this time had partners who each put in somewhere between \$1,000 and \$4,000 (Garitee, 1977: 37). Overall, privateering at this time offered the opportunity for much higher rewards than sailors could otherwise expect to receive from ordinary merchant ships. In America in the early years of the nineteenth century a merchant sailor could expect to earn \$30 a month. However, as Garitee discovered in survey research the average value of one share at this time was some \$150. With most men earning two to four shares the average might earn on the typical privateer tour of three months the equivalent of eighteen months' income (Garitee, 1977: 193-194).

In addition to the lure of high earnings the provision and quality of food and drink privateers were usually sumptuous when compared with public naval ships (Garitee, 1977: 123). While most owners demonstrated an active concern for the welfare and comfort of their crews, the owners of one late eighteenth century British privateer even went so far as to instruct the commander of the ship to:

“Take particular care that your crew be treated humanely, that every one be made to do their duty with Good Temper; as Harmony, a good look-out, and steady attention to the main point are all absolutely necessary to be attended to, the success of the Cruise greatly depending upon it.” (Williams, 1966: 24)

Again, contrasting life on board a privateer with that of a vessel in state service Kert comments: “Compared to the relatively free and easy life of

privateering, life aboard a naval vessel must have seemed grim and oppressive.” (Kert, 1997: 121)

It was of course at this time during periods of war that the British Royal Navy - like many others around the world - had to resort to abduction in order to crew its ships. Here, the state’s practice of ‘impressment’ can be contrasted with the captains of privately armed vessels who often advertised for seamen or used commercial agents to supply suitable personnel. According to Garitee these agents not only frequented or owned boarding houses and grog shops near waterfronts but they often supported seamen with personal loans, clothing, food and board (Garitee, 1977: 129).

For Anderson and Gifford, privateers in the seventeenth, eighteenth and early nineteenth centuries had a similar strategic role to that of submarines throughout much of the first half of the twentieth century. While the technology and operational tactics might be radically different, their operational objectives were primarily aimed at destroying the seaborne commerce of opposing national powers. Additionally, Anderson and Gifford argue that the governing principles of privateering were often more economically efficient than submarine warfare because while the latter invariably aimed at sinking vessels the former: “...aimed at seizing and reselling the target ships and cargo” (Anderson and Gifford, 1981: 105). Overall, it is clear from the available evidence that privateering was frequently profitable. Whenever a state of war existed, entrepreneurs not only had incentives to supply privately armed ships but time and again they proved their worth on a comparative basis with the state sector. For example, during the war of 1812 forty-seven Canadian ships held letters of marque and reprisal. Although ten of these captured no prizes at all, the remaining thirty-seven are said to have gained the proceeds from 228 American vessels (Kert, 1997: 90). Moreover, since many ships that were taken as prizes were frequently lost at sea or intercepted by privateers or naval ships of the enemy before they arrived in port, it is also suggested that the total number of American ships captured by privateers was around 600. As a result, and from an American perspective: “The privateers of New Brunswick and Nova Scotia provided a major incentive

for peace.” (Kert, 1997: 78). The most feared Canadian ship at this time was the Liverpool Packet. Held in such trepidation, even the rumour of her presence often drove commercial vessels along the northeast coast of the US back to their homeports. Indeed, she was so feared that towards the end of 1812: “The American House of Representatives debated the possibility of cutting a canal through Cape Cod as a less costly alternative to losses through commerce raiding.” (Kert, 1997: 84)

Turning to Europe, according to Lord Russell of Liverpool, French privateers had been active from the ports of St. Malo, Nantes, Le Havre, Cherbourg, Calais and Dunkirk since the thirteenth century (Russell, 1970: 90). In the war with Holland and Spain between 1672 and 1679 privateers are thought to have captured more than 1,300 Spanish and Dutch ships. Ten years later and during the War of the League of Augsburg (1689-1697), St. Malo sent out forty or fifty vessels each year. According to Macintyre these ships captured: “No less than 3,384 English and Dutch merchant ships and 162 escorting men-of-war” (Macintyre, 1975: 83). Again according to Lord Russell, during the war of the Spanish Succession (1701-1713) French privateers captured or destroyed some 1,000 ships belonging to the English and Dutch (Russell, 1970: 31-32).

During the War of Austrian Succession (1740-1748) the French captured or destroyed more than 750 English merchant ships (Russell, 1970: 33). For Williams, the Seven Years’ War underlines not only the effectiveness of privateers but also the comparative ineffectiveness of state navies. He states:

“In the year 1757, the activity of the French privateers was phenomenal...They cruised so thick around the island of Antigua that it was next to a miracle for an English vessel to get in there, except under convoy.” (Williams, 1966: 116)

Moreover, in the first fourteen months of the conflict French privateers captured more than 630 British vessels (Williams, 1966: 115). According to Williams the reason for these French successes was rooted in a lack of effort

on the part of the Royal Navy. Analysing the situation he argues that many of the:

“Commanders of the King’s ships appear to have been shamefully relax in the unpleasant duty of convoying merchant vessels, and in pursuing the privateers of the enemy.” (Williams, 1966: 116)

According to Lloyds of London, during the early years of the Napoleonic Wars - between 1793 and 1797 – the English lost more than 2,250 vessels: a majority of which had been captured by ‘corsairs’ (Russell, 1970: 39).

While privateering was practiced over many centuries in Europe nowhere was it more eagerly engaged than in the United States of America, particularly during the war of 1812. While one Baltimore newspaper reported at the time that they believed more than 1,750 British ships had been captured by privateers Garitee estimates that the number could be anything between 1,300 and 2,500 vessels (Garitee, 1977: 243). Commenting on the impact of these endeavours Gomer Williams writes:

“American privateers swept the Atlantic and even penetrated within a few leagues of the mouth of the Mersey. The merchants and ship owners of Liverpool, instead of fitting out private armed vessels with the energy which had characterised them in former days, put their trust in the Lords Commissioners of the Admiralty, and found, too late, that the King’s cruisers, like the modern policeman, were too often absent from the spot where their services were most required. The depredations of the American privateers on the coasts of Ireland and Scotland at length produced so strong a sensation at Lloyd’s, that it was difficult to get policies underwritten, except at enormous rates of premiums.” (Williams, 1966: 433)

When directly comparing the record of the US Navy with the privateers during the War of 1812 a remarkable picture emerges. According to Fairburn, state warships captured or destroyed 165 British merchant ships while, as

mentioned above, the privateers dealt with anything between 1,300 and 2,500 vessels (Fairburn, 1945-1955: 821). Moreover, Fairburn notes that as more sizeable and better-armed privateers became available in the latter stages of the conflict so their success rate rose. During the last eighteen months of the war privateers averaged two prizes each day. Indeed, US privateers took hold of a number of British state warships even though the American ships were never designed or intended for such actions.

Maclay reveals overall data from the American Revolutionary War that shows a huge disparity between the public and private sectors. While the Continental Navy tallied nearly 200 British prizes, the privateers totaled more than 600. Moreover, as the war continued, not only did the number of active privateers increase from 136 in 1776 to 449 in 1781 but, over the period, the number of active state warships decreased from thirty-one to nine (Maclay, 1899: viii). Although today it is popular to caricature privateers for being similar to pirates, in reality, there were important differences. While both held the objectives of stopping and capturing merchant vessels pirates were criminals and their offence carried the death penalty. Privateers were legitimate because they had been bestowed with a license from a legitimate authority – be it a nation's monarch or a parliament. As such, most privateers were guided by what one commentator has called: "A decent, civilized greed....Like sportsmen, privateers played by a code of rules." (Petrie, 1999: 69). That said, deception often played an important part in their operational tactics and daily work. For example, privateers often used several sets of forged papers and they were able to deploy a number of national flags. Upon sighting a potential haul, privateers would often fly the national flag of the opponent so as to lure them into their orbit. However, despite this: "They never fired a gun under false colours." (Petrie, 1999: 69)

While genuine pirates violated such conventions, privateers rarely engaged in fighting without flying the flag of their genuine nation of origin. Beyond custom, law is at its core a body of enforced rules of conduct. While legislation is the purposeful articulation of a particular set of rules as stipulated by a government agency, the international law of prize (as it developed in Europe

and North America from 1500 onwards) was clearly the consequence of an essentially voluntary acceptance of legal precedent and the principles of arbitration. While legislation is top down, the international law of prize was borne and honed bottom up. Although marginally influenced by state treaties, the international law of prize is significant not least because it displayed substantive elements of what Hayek called 'spontaneous order' (Hayek, 1973). During the period under discussion the laws of war regulating international conflicts invariably arose from custom and precedent, from treaties between nations, and occasionally from unilateral declarations. While often the primary aim of these laws was to codify the rights and obligations of belligerents – and in particular the rights of neutral parties – the law of war was far from perfect. One major problem was the legal right of neutrals to engage in trade with an enemy country (Anderson & Gifford, 1981: 5-9). Nevertheless, if the established law of war had in reality no power to govern the power of belligerents and their third party agents then privateers could easily become no better than pirates.

As such, by the eighteenth century a body of law and procedure had emerged that carefully specified and governed the rights associated with prize taking in times of conflict: as well as the rights of neutral vessels. While the different national court systems greatly differed in terms of structure and procedure, the application of the international law of prize was remarkably uniform:

“One of the most usual criticisms of international law is that it lacks judicial machinery for its applications and enforcement. Here is an ancient body of law constantly applied by courts. The courts were indeed national in origin and organization, but they lived up fairly well to the tradition that they applied international law.” (Jessup & Deak, 1976: 247)

Given the efficiency, efficacy and sound governance of the historic world of privateers the question inevitably arises as to why this system ended? Why, by the middle of the nineteenth century was privateering essentially discarded as an archaic anachronism?

For Sechrest, the answer to this conundrum is essentially rooted in a public choice analysis (Sechrest, 2001: 29-31). As such, he argues that not only was privateering more effective than public navies but that it disappeared “precisely because it was so effective”:

“Career naval officers feared the competition it represented, and those few nations with large public navies wanted to make sure that smaller nations could not challenge their domination via the less costly alternative of private armed ships.” (Sechrest, 2001: 30).

Similarly, for Anderson and Gifford, while altered technological constraints certainly had an undermining impact on traditional privateers:

“It is simply a fact that technological advances played absolutely no immediate, direct role in the demise of privateering...The major changes in naval technology occurred later.” (Anderson & Gifford, 1981: 118).

For Anderson and Gifford privateering was undermined partly as a result of international diplomatic problems arising from privateers and the rights of neutrals and partly because of opposition from naval officials strategically positioned within the state apparatus:

“[Privateering was] less wasteful than other forms of naval “combat” because it did not destroy, but merely reassigned ownership rights to, property....The extinction of privateering was at least partly the result of rent seeking by established political bureaucracies....” (Anderson & Gifford, 1981: 118).

Arguing that this cadre understood the competitive threat posed by the private sector they conclude:

“Public navy officers and other officials fought a running battle against the commissioning of privateers for centuries...When the national standing navies could not prevent the commissioning of privateers, the navies went to great lengths to harass their private competitors and to generally restrict their ability to compete.” (Anderson & Gifford, 1981: 118).

A centuries old battle between the privateers and the public navies was only ended when privateers were formally banned by international treaty. In 1856, most of the major maritime powers of the world signed up to the Declaration of Paris. A treaty that formally prohibited the taking of prizes at sea by privately owned ships, the United States nevertheless refused its ratification. Arguing that it undermined private property rights and that America might once again have reason call on the services of privateers it was only in 1899, during the Spanish-American War, that the government finally decided to formally abolish privateering and thereby adhere to the 1856 declaration. More than a century on Kert has pointed out that most maritime historians and legal experts know little if anything about the historic world of privateering (Kert, 1997: 4-5). Similarly, most economists seem to have almost entirely forgotten a body of knowledge that if rediscovered could have profound implications for their discipline. Following on from Ronald Coase's (1974) work that demonstrated early lighthouses had in fact been provided by the private sector, Anderson and Gifford argue that: “Privateering was not a market that can be shown to have “failed”; rather it was one that was eliminated through political means.” (Anderson & Gifford, 1981: 31).

2.9 Conclusion: From the Past to the Present

Today, it is popularly believed that there are many goods essential to the functioning of society that can only be produced by the state. However, as Dr. Stephen Davies has argued:

“The historical evidence does not support arguments for the necessity of the state as a provider and regulator. Instead, it lends support to the

thesis that the market is capable of producing private solutions to the problem of 'public goods'." (Davies, 1987: 2)

That said, the latter half of the nineteenth century and the first half of the twentieth century saw trends in political economy moving in a very different direction. As support grew for the idea of ever-greater government provision across a wide range of areas, so warfare began to be practiced on a Weberian military-industrial scale (Ferguson, 2006: xxxiv). While the nation-state came to be progressively viewed as the legitimate possessor of the monopoly use of force, today, the private military sector is again breaking out of the guns-for-hire model of traditional mercenaries. As is made clear in the next chapter, corporations now sell skills and services that until recently only state military, security and law enforcement agencies possessed.

Having linked Royal Navy modernisation to the Weberian concept of the monopoly use of force, and highlighted the relevance of New Public Management, privatisation, PPPs, outsourcing, and argumentation surrounding the hollowing out of the state, the transition from 'government' to 'governance', formal and informal policy networks, and the realities of an increasingly differentiated polity, this chapter has not only gone on to introduce a range of important temporal perspectives but it has used the history of privateering to better inform an understanding of political economy in the area of naval sea power and the legitimisation of force and violence.

Chapter III builds on this work by examining the broader history of private warfare and charting the rise of the modern global private military sector. In doing so, it not only details UK naval policy between 1979 and 2013 but it focuses on modern Royal Navy outsourcing, public private partnerships and privatisation: theoretically framing their evolution, development and relevance in the wider context of governance and the shifting sands of statecraft.

Chapter III

History of Private Warfare to Rise of the Global Private Military Sector: Royal Navy Modernisation and New Public Management

“The MoD has been one of privatisation’s standard bearers following the sale of Royal Ordnance in the early 1980s. It is now set to go into the uncharted territory with everything bar its core competence up for grabs. A ministry spokesman said it had a duty to ensure value for money. It was not predisposed to privatisation but reform was necessary. “We certainly don’t accept our policies are daft, damaging and demoralising,” a spokesman said” (Mathiason, 2003).

From privateering and the broader history of private warfare, to the rise of privatisation and the global private military sector, there is a gap in the literature that this thesis fills. In analysing key themes in political economy that at the beginning of the twenty-first century represent ‘punctuated shifts’ in elite

attitudes towards the role of the nation-state's use of force, it not only challenges the traditional paradigms of public management and administration, but it does so through the opinions of those who hold elite positions of influence in and around one of the world's oldest military institutions and therefore an 'ideal type' construct of Weberian legitimacy in the area of force and violence.

While Chapter II introduced the relevance of Royal Navy reforms to Weber's concept of the monopoly use of force, and located Royal Navy modernisation within the theoretical framework of New Public Management, privatisation, PPPs, outsourcing, and argumentation surrounding the hollowing out of the state, the rise of governance, policy networks, differentiated polities, the importance of temporal perspectives, and used the history of privateering to better inform an understanding of political economy in the area of naval sea power and the legitimated production of force, this chapter examines the broader history of private warfare and charts the rise of the contemporary global private military sector. In detailing UK naval policy between 1979 and 2013 with special reference to Royal Navy outsourcing, public private partnerships and privatisation, the chapter not only provides a framework for the analysis of policy, but it lays the foundations for research concerning elite opinions towards governance and the political economy of legitimacy in the area of force and violence.

Echoing seventeenth, eighteenth and early nineteenth century forms of privately produced naval sea power, the broad evolutionary 'paths', 'punctuations' and 'cycles' of Royal Navy history not only serve to highlight the shifting sands of public administration and management but, crucially, the public and/or private production of violence. Ultimately, the chapter argues that Royal Navy private sector reforms are important to NPM and PA because they facilitate a surfacing of temporal and attitudinal boundaries that are often overlooked by those more interested in what might at first appear to be the 'given', the 'now' and the seemingly timeless 'future' of naval sea power. At a time of shifting sands for the Westminster model (see Chapter II), NPM, privatisation, and ideas surrounding notions of governance, the hollowing out

of the state, policy networks and the realities of an increasingly differentiated polity, both the history of private warfare and the rise of the modern global private military sector not only hold powerful insights into that which is conceptually possible but they also help to powerfully frame the methodology and research.

3.1 History of Private Warfare and Rise of the Modern Global Private Military Sector

From a Weberian perspective any re-emergence of private military organisations represents a fundamental failure of the nation-state as they inherently undermine its 'quintessential function and signifier of being'. Yet today's private military sector is breaking out of the guns-for-hire model of traditional mercenaries. While corporations now sell skills and services that until recently only state military, security and law enforcement agencies possessed, the products and services on offer range from trained special services to strategic advice from generals.

When America launched its invasion of Iraq in March 2003, the country's naval vessels in the gulf were not simply manned by US navy personnel. Alongside them were civilians from four private companies operating some of the world's most sophisticated weapons systems. When US Global Hawks and B-2 stealth bombers were deployed, many of their weapon systems were operated by non-military personnel from the private sector (Traynor, 2003: 1). The United States army estimated that of the \$87 billion earmarked in 2004 for the broader Iraqi campaign, including central Asia and Afghanistan, one third of that amount, nearly \$30 billion, was to be spent on contracts with private companies (Traynor, 2003: 1). Deeply involved in the aftermath of the war, one US company was given the lucrative contract to train the new Iraqi

army while another was contracted to recruit and train the country's police force.¹

In recent years, the largest US military base since Vietnam, Camp Bondsteel in Kosovo was constructed and serviced by private contractors. At Tuzla in northern Bosnia, headquarters for US peacekeepers, most of the items that could be farmed out to private contractors had been and by the beginning of 2004 the bill stood at more than \$5 billion.² Whilst, in Israel, an American company provides the security for American diplomats. In Columbia, an American company flies the planes that destroy the coca plantations and the helicopter gun-ships that protect them. In Kabul, a US company provides bodyguards to save President Hamid Karzai from assassination (Traynor, 2003: 1). Observing the strategic advice and generalship on offer the Guardian reported:

“In the small town of Hadzici west of Sarajevo, a military compound houses the latest computer technology, the war games simulations challenging the Bosnian army's brightest young officers. Crucial to transforming what was an improvised militia desperately fighting for survival into a modern army fit eventually to join NATO, the army computer centre was established by US officers who structured, trained and armed the Bosnian military. The Americans accomplished a similar mission in Croatia and are carrying out the same job in Macedonia. The input from the US military has been so important that the US experts can credibly claim to have tipped the military balance in a region ravaged by four wars in a decade. But the American officers, including four generals, are retired, not serving. They work, at least directly, not for the US government, but for a private company, Military Professional Resources Inc.” (Traynor, 2003: 1)

¹ The major British player in Iraq at this time was Global Risk International based in Hampton, West London.

² Here the contracts included those to the US company ITT which provided a wide range of armed guards.

In the Balkans Military Professional Resources Incorporated (MPRI) has played a pivotal role in governance. In many ways, their deployment altered the entire balance of power in the region (Traynor, 2003: 1). Over the past decade the Pentagon has awarded more than 3,000 contracts to private military companies and the former US Defence Secretary, Donald Rumsfeld, pledged that it will continue to: "Pursue additional opportunities to outsource and privatise." (Traynor, 2003: 1)

Since the end of the cold war many state militaries around the world have been downsized, hugely benefiting a growing private military sector. The US military is 60 per cent the size it was twenty years ago and the Soviet collapse largely gravely impacted the Russian military. Britain's armed forces, including the Royal Navy, are at their smallest since the Napoleonic wars. Yet, privatisation and contracting-out continues a pace. Back in 2003, one senior Royal Navy officer, Rear Admiral Hugh Edleston, went on the public record to question where this process might lead. Warning of the economic challenges posed to the navy by a burgeoning private sector, he complained:

"There's an explosion of these companies attracting our servicemen financially...you should never mix serving military with security organisations. You need to be absolutely clear on the division between the military and the paramilitary." (Traynor, 2003: 1)

In the same year, Peter Singer of the Brookings Institution published a book that surprised many in the United States of America and far beyond. *Corporate Warriors: The Rise of the Privatized Military Industry* (Singer, 2003) provides a detailed and wide ranging account of a privatised military industry that is not only growing rapidly in global capability but often challenges our common understanding of government, the state and notions around the monopoly use of force and violence.

Singer's work is important because it makes clear that a new and rapidly growing privatised military industry has emerged at the dawn of the twenty first century that encompasses hundreds of companies, thousands of

employees and billions of dollars in revenue. Whether as proxies or suppliers, its firms have participated in a host of recent wars in Africa, Asia, the Balkans, and Latin America. They even made up the second largest contingent of allied forces during the Iraq war of 2003. The significance of this latter point was underlined in Britain by a Guardian newspaper report in December 2003. Under the front-page headline, '*The privatisation of war*', the article warned that:

“Private corporations have penetrated western warfare so deeply that they are now the second biggest contributor to coalition forces in Iraq after the Pentagon...While the official coalition figures list the British as the second largest contingent with around 9,900 troops, they are narrowly outnumbered by the 10,000 private military contractors now on the ground.” (Traynor, 2003: 1)

The article continued by asserting that the:

“...proportion of contracted security personnel in the firing line is 10 times greater than it was during the first gulf war. In 1991, for every private contractor, there were about 100 servicemen and women; now there are 10.” (Traynor, 2003: 1)

In recent years in Britain, the United States of America and elsewhere in the developed world, politicians have been under increasing pressure to modernise and reform the state's security apparatus in the widest sense.

Away from the military, as consumers have expected ever more from limited taxation and policing budgets so the private security industry has expanded to meet popular demand. For every one state policeman in Britain today there are now estimated to be at least two private security guards (see Chapter VI). In supermarkets, shopping malls, residential housing estates and many office buildings private security services and personnel abound. City centres are increasingly being watched by privately monitored closed circuit television cameras and the police themselves are being supported by a plethora of

private support personnel. Away from Weberian notions of government holding a monopoly on the use of force, today's law enforcement arena is an increasing testimony to the reality of public private partnerships, outsourcing, privatisation and new practices of governance within an increasingly differentiated and decentred polity. Similarly, the military over the last twenty-five years have seen continuing pressure on their budgets and capabilities. Defence ministers in Britain, the United States of America and elsewhere have pursued a wide range of modernisations aimed at the more effective use of finite resource and capability. Many support services such as catering, maintenance and even training have already been outsourced or privatised (see section 3.2 below). Indeed, one insight into the British government's long range thinking on military capability came with the publication of the 2002 Green Paper *'Private Military Companies: Options for Regulation'* (Foreign and Commonwealth Office, 2002). Recognising the increasing importance of the private military sector and its likely future role, the paper asserted:

“...the private sector is becoming increasingly involved in military and security activity. States and international organisations are turning to the private sector as a cost effective way of procuring services which would once have been the exclusive preserve of the military. It is British Government policy for example to outsource certain tasks that in earlier days would have been undertaken by the armed services.”
(Foreign and Commonwealth Office, 2002: 4)

The paper concluded:

“The demand for private military services is likely to increase.” (Foreign and Commonwealth Office, 2002: 4)

Significantly, if we look back through history people specialising in the art of warfare can be traced back to the very earliest divisions of labour amongst humankind (Lane, 1979). Since the dawn of man human conflict has, in reality, enabled specialists to privately market and sell their 'efficiencies' in the use of force and 'governance'.

While the organisation of military groups in the ancient world might have differed in time and place such operations were typically tymocratic (money based) enterprises. In the earliest urban civilizations weaponry was essentially placed in the hands of key social groups based on their economic standing. Most early governments were seemingly unable to develop coherent administrative structures such as regular armed forces (Greveld, 1999: 29, 138). As such, leaders relied invariably on foreign trained soldiers and units to do their bidding. Structured along similar lines to those of other business ventures of the day they were formed on essentially tribal or cultural lines. Today, the earliest records of warfare highlight numerous examples of outside forces being employed to fight for ancient rulers. The earliest official reference is of mercenaries who served in the army of King Shugi of Ur (2094-2047 B.C) (Singer, 2003: 20). For example, the battle of Kadesh in 1294 BC is the first great battle in history from which a detailed account remains. In this battle, between the Egyptians and the Hittites, the army of Pharaoh Ramses II included units of hired Numidians (Taulbee, 1998: 145).

Across the ancient world similar stories abound. Even in the Bible the Pharaoh chased the Israelites out of Egypt with an army that included hired foreigners, while David and his men, on the run from Saul, were employed in the Philistine army of Achish. In ancient Greece it was common practice for armies to further build up their capabilities by privately hiring additional capacity. Amongst the most notable were units of Cretan slingers, Syracusan hoplites and Thessalian cavalry (Griffith, 1968: 4). A number of naval units, including those that fought on behalf of Athens in the Persian wars were also privately raised. The Macedonians honed their fighting skills when working on behalf of various Greek city-states during the Peloponnesian War (431-404 BC). They soon defeated their old clients in the following wars of King Philip. By the end of its conquest of the Persian Empire in 336 BC the army of his son, Alexander the Great, had evolved from a largely Macedonian force into one mainly made up of hired soldiers. Significantly, it contracted a private navy of 224 ships from the Phoenecians (Singer, 2003: 21).

In the following period, the Carthaginian Empire was almost totally dependent on mercenary troops. And although early Rome was itself distinguished by an essentially citizen army, it too was heavily dependent on mercenaries. Even during the Republic era it relied on private units of archers and cavalry. Overall, Rome recruited Numidians, Balearics, Gauls, Iberians, and Getae during the Punic Wars. At the end of the third century the imperial army was more Germanic than Roman (Delbruck, 1975). Similarly, the rulers of the Byzantine Empire also relied heavily on foreigners to fight their battles. The elite Varangian Guard was made up of hired Norsemen (Haldon, 1999). Its Muslim opponents included hired units too including the Mamluks who eventually took over the rule of Egypt: amongst other places (Glubb, 1973). With the fall of the Roman Empire, Western Europe sank back into the Dark Ages. As the money-based economy faltered, society became more reliant on the principles of deference, feudalism and a layered-based system of obligations for military service.

While during the medieval period hired soldiers remained an integral part of most force structures they often provided the more technical services that short-term feudal forces could not supply. For example, they often specialised in weapons, such as the crossbow, which demanded skill and patience and yet was considered inappropriate for gentlemen. By the thirteenth century, the revival of an urban-based commercial economy in Europe witnessed the rebirth of widespread economic growth and prosperity. With the emergence of a viable banking system a wide range of trading companies soon emerged (Ferguson, 2009).

In Italy it was not long before several towns had turned themselves over to private investors to run. It was in this climate that the contract (*condotta*) system flourished by which military services were contracted out to private units (Scammell, 1982: 5). Initially promoted by business guilds, the idea of hired units became popular amongst the nobility, who feared a potential uprising from an armed populace, and hence saw mercenaries as an attractive and practicable option (Contamine, 1984: 158). Venice started to

hire out salaried rower-soldiers from its navy during the Crusades 1095-1270. And the development of hired ground forces was not far behind.

Across Europe, rulers began to charge shield money (scutagium), the cost to equip a fighting man, and by the end of the fourteenth century, privately organised units had largely taken over the field of battle from their feudal predecessors. The way to form an army now consisted of “commissioning” (the term still used to specify the rise to a rank of officer) a private individual to raise troops, and to clothe, equip, train and lead them. In exchange, the organiser received payment and a potential share of any goods seized in conflict (Creveld, 1999, p. 158). During this time, many of the military campaigns in Aquitaine, Brittany, and Normandy were in reality some of the first ‘joint stock enterprises’ (Ormorod, 1990: 103). Private investments were ventured in expectation of future dividends. While many soldiers hired themselves out as ‘free lancers’ (the origin of the modern business expression), having no homes or careers to return to, many came together to form ‘Companies’ (the term itself derived from ‘con pane’ - the bread that members received) which were organisations designed to provide mutual support, protection and sustenance. At this time, private companies of freelance soldiers often used carefully thought out marketing strategies that disseminated stories of fierceness and cruelty to effectively brand their product(s). In 1291 the Swiss forest cantons came together to resist foreign domination. Forming the Swiss confederation, each town supplied a citizen-militia – organised into pike men. Winning impressive victories against the Austrians at the battles of Sempach in 1386 and Nafels in 1388, Swiss mercenary units were to earn an unrivalled reputation for their fighting abilities over the next century. Even today, the Swiss mercenary tradition continues with the Pope being protected by the Swiss Guard.

By the seventeenth century, warfare in Europe was an essentially mercantilist enterprise (Howard, 1976: 15). Armies of the period were often combinations of hired mercenary companies, each with their own specialisation and branding. Albanians often supplied light cavalry; Scots and Gascons formed infantry companies; the Swiss continued the tradition of pike men and

Germans supplied cavalry pistoleers. In this world, patriotism was an essentially meaningless concept to the average soldier. The business of war and 'governance' was firmly in the hands of a new class of military entrepreneur. These were people who hired and equipped military units at their own cost and then hired them out as private units of property. Among the most famous of the players in this market was Louis de Geer, a businessman from Amsterdam who provided the Swedish government with a complete navy, including sailors and commanders (Singer, 2003: 28).

While such arrangements might seem strange in today's more statist world, in reality the idea of the nation state dominating warfare is a fairly new occurrence in the overall pattern of history. It was not until the thirty years war of 1618-1648 that official armies loyal to the nation state, and not to specific rulers or 'houses', came to the fore. While the military forces of all countries continued to consist of hired mercenaries, this war ushered in a fundamentally new era. Ultimately, with the signing of the Peace of Westphalia the war resulted in the concept of sovereignty winning over that of empire. From 1648 onwards the rising state was legitimised by the idea of sovereignty overseeing all affairs within specified national borders. By the time of the Napoleonic wars at the end of the eighteenth century hired armies of foreigners began to give way to standing state armies made up of citizens. Overall, the period saw the wars of kings give way to the wars of the masses. And in many ways the mass armies that began to take shape were now both a cause and an effect of the organisational form that is the modern Weberian state and 'government'.

As the Enlightenment took hold, ideas concerning social contract and formal rationality encouraged new ways of thinking about the function, structure and organisation of government and the state. With the erosion of deference and feudalism, people became more willing to fight as citizens than as subjects. Profit gave way to patriotism and by the 1700s the entire structure of war began to give way to the centralised direction of the impersonal, bureaucratic and top down state. The end of the Napoleonic wars in 1815 signaled the end of hired soldiers playing a serious role in warfare for much of the next two

centuries. Although some relatively minor examples of private practice continued, professional and conscript state militaries became the norm.

In naval affairs however it is notable that by this time private businesses had long taken on military roles through the charter company system. Here, government to have monopoly power over trade with a specific area licensed joint-stock companies. The most notorious of such ventures were the Dutch East India Company and the English East India Company. The English East India Company was formed in 1599 and the Dutch East India Company in 1602. Both were granted monopoly authority by their home states to trade in the Indian Ocean and both these companies effectively emerged to become states in their own right (Thomson, 1994: 32). They not only controlled business networks - effectively dominating trade in spices, tea, silk, Chinese porcelain, gold and opium - but they also amassed sufficient private resource as to ensure their own military prowess:

“Thus, it was not uncommon for private charter companies to take on the trappings of a state. They became quite curious institutions where all the analytical distinctions between economics and politics, non-state and state domains, property rights and sovereign powers, and the public and private broke down.” (Singer, 2003: 34)

In reality, such firms controlled armed forces and territory that dwarfed their own and most other European states. At its time, the English East India Company hired a mix of British, German and Swiss mercenaries, as well as local Sepoy units. By the late eighteenth century the company's army was more than 100,000 men. The Dutch company grew from modest beginnings and soon had more than 140 ships and 25,000 men under arms (Singer, 2003: 35).

Significantly, the English Company's first engagement with the Indian market was in the form of a naval battle to aid the Mogul Emperor against Portugal. The company's ships sank most of the Portuguese fleet in the area. However, over time the world again moved on and the trading companies began to

weaken as political environments stabilised. With excessive military overheads, the Dutch East India Company began to lose money in the late eighteenth-century. While the English East India Company continued for several decades longer, in the 1830s the British government broke its monopoly trade with India and the company quickly became insolvent. Nevertheless, as Peter Singer, noted:

“The length of the charter companies’ histories is striking, particularly when one compares them to the longevity of most states. The Dutch East India Company lasted 194 years; ...and the English East India Company, 258 years.” (Singer, 2003: 37)

By the twentieth century the charter companies were largely no more. The nation state and the concept of sovereignty had come to predominate. With this trend it was not long before norms against private soldiering were in the ascendant.

Having once been a part of large, integrated and influential enterprises the primary player in what remained of the private military market was increasingly the individual ex-soldier: or mercenary. Usually operating in weak state areas of the world, such as China, Latin America, and later Africa, their heyday was during the decolonisation period of the 1950s and 1960s. The groups that fought in these campaigns often had nicknames such as ‘Les-Affreux’ (The Terrible Ones) and included such notorious commanders as ‘Mad Mike Hoare’ and the Frenchman Bob Denard. Denard later led a series of violent coups in the Comoros Islands and the Seychelles from the 1970s onwards. His latest coup attempt was as recent as 1995 (Quetteville, 2000).

However, as we have started to see, the story does not end here. Instead, the present unevenness of the public monopoly is not only continuing but the companies involved in today’s market have reached such a critical mass as to earn the formal classification of Privatised Military Firms (PMFs). As Peter Singer notes:

“They are business organizations that trade in professional services intricately linked to warfare. They are corporate bodies that specialize in the provision of military skills, including combat operations, strategic planning, intelligence, risk assessment, operational support, training, and technical skills. By the very fact of their function, they break down what have long been seen as the traditional responsibilities of government. That is, PMFs are private business entities that deliver to consumers a wide spectrum of military and security services, once generally assumed to be exclusively inside the public context”. (Singer, 2003: 8)

Today, in the post-Cold War era, the conjuncture of the corporate form with military functionality has not only become a reality:

“A new global industry has emerged. It is outsourcing and privatization of a twenty-first century variety, and it changes many of the old rules of international politics and warfare. Beginning in the 1990s, PMFs have been active in zones of conflict and transition throughout the world...PMFs have been active on every continent but Antarctica, including in relative backwaters and key strategic zones where the superpowers once vied for influence. Moreover, their operations have become integral to the peacetime security systems of rich and poor states alike. Their customers also are ranged across the moral spectrum from ruthless dictators, morally depraved rebels and drug cartels to legitimate sovereign states, respected multinational corporations, and humanitarian NGOs.” (Singer, 2003: 9)

Given the modern rise of PMFs, there is only a limited amount of academic literature available which analyses them. When it comes to private companies carrying out activities that were once the sole domain of the Weberian state and therefore relate to the central issues of governance and legitimacy, several works deserve mentioning.

Sarah Percy's book *Mercenaries* (Percy, 2007) discusses the complex legal

standing of PMFs in both international and national law. Percy argues that the conflicting norms which have developed around mercenaries has led to weak international laws governing the modern day use of PMFs (Percy, 2007: 169). For her, a resulting conflict of norms has been caused by a desire of states to simultaneously control, use and restrict PMFs whilst also maintaining liberal Western commitments to freedom, limited government and international migration (Percy, 2007).

The idea that PMFs represent a dramatic extension of mercenary power is further examined in Jeremy Scahill's book, *Blackwater: The Rise of the World's Most Powerful Mercenary Army* (Scahill, 2007). Highlighting the complexities of PMF use, he points to a lengthy battle at Najaf in which Blackwater forces were resupplied by their own helicopters, yet when they ran into trouble on the ground, the US military refused to assist. Deborah Avant's book, *The Market for Force* (2005), examines the way the U.S. government uses private contractors to get around their own concerns of legitimacy. Avant argues that in regularly using private contractors, the US government relies on corporate entities to undertake those tasks it deems too politically sensitive to carry out itself (Avant, 2007: 4).

Throughout the literature, the point is made that the private sector is not yet bound by the rules of war that western state militaries have traditionally been subjected to, and that in some instances, PMF's retain the freedom to quit where they deem situations to be too dangerous (Isenberg, 2004: 17). While government soldiers committing atrocities can be tried in military courts, private military contractors are rarely subject to such practices. As PMF operatives often find themselves working in countries with diminished rule of law, bringing abusers to justice can prove very difficult.

Concerned with another aspect of legitimacy, James Kwok focuses on the lack of contractor oversight by bringing attention to the fact that one PMF in Iraq hired a former British soldier who had been thrown out of the army and served time in prison for assisting Irish terrorists (Kwok, 2006: 37). Moreover, Kevin A. O'Brien focuses on the monitoring and accountability of PMFs by

highlighting the debate between the competing ideas of industry self-regulation versus government standard setting (O'Brien, 2007: 57). O'Brien makes the point that whilst a government may want to impose a uniformity of regulation on the PMF sector, it may refrain from doing so in fear of undermining many of the efficiencies and innovations that it seeks to exploit for its own 'governance'.

Laura A. Dickinson (Dickinson, 2005) examines US government contracts signed with PMFs in Iraq and finds that none of them stipulated provisions for human rights, anti-corruption measures or basic levels of transparency and accountability. Indeed, Mark Hemingway identifies a lack of training and competence amongst US government contracting staff (Hemingway, 2006: 26) and argues that failures are compounded, when in response to dramatically increasing workloads the government reduced the numbers of its relevant contracting and enforcement staff.

Another issue that affects legitimacy is corruption and its opportunity costs. Money squandered through contractors billing for overcharged services, or products that never arrive, represents systemic failure. On this matter, Matt Kelley quotes the 'Special Inspector General for Iraq Reconstruction' who suggested that the problem of corruption had been so endemic in the country that it represented a "second insurgency" (Kelley, 2007: 1). Paul Verkuil's work, *Outsourcing Sovereignty* (Verkuil, 2007), highlights the problems caused by the Pentagon's cost-plus contracts system that "permit and encourage fraud and abuse" (Verkuil, 2007: 148). He argues that while many military services could be outsourced, oversight functions should be strengthened. Noting that effective contract administration can never guarantee success, a failure to use competitive bidding, combined with an inability to enforce contracts, merely encourages "deficient results" (Verkuil, 2007: 150).

Ever since the end of the Cold War, western militaries have had their in-house capabilities reduced. Now facing additional heavy cuts due to the recent financial crisis, very little of the academic literature available considers the

long-term implications of an increasing reliance on the political economy of PMFs in the context of Weberian legitimacy. For example, while David Isenberg (Isenberg, 2007) discusses the fact that the U.S. went to war in Iraq with inadequate troop numbers, he fails to examine the ramifications of its subsequent reliance on PMFs.

Whilst Robert Young Pelton's book, *Licensed to Kill: Hired Guns in the War on Terror*, describes a DynCorp personal security detail assigned to Afghan President, Hamid Karzai, which in disputing the terms of its contract resigned on the spot, leaving the company to find a replacement at very short notice (Pelton, 2007: 75), none of the literature examines such failings in the context of both the state and private military sectors or the wider implications for the political economy of legitimacy. Whereas Christopher Kinsey's book, *Corporate Soldiers and International Security*, questions the reliability and commitment of some contractors to operations (Kinsey, 2006: 108), the capacity both for state and private military actors to manifest inefficiency, corruption, disloyalty and unwarranted brutishness is never analysed. Moreover, while negative externalities can be cited both for state and private military actors, there is simply no literature that examines the boundaries of discourse concerning the pros, cons and legitimating rubrics of state versus private militaries; or their implications for the wider political economy of force, violence and governance. To date, no one has comparatively explored these themes in any military and/or modern naval service context.

3.2 Analysis of Modern Royal Navy Reforms

By 1979, the Royal Navy had already suffered years of cuts. In 1966 the Labour government of Harold Wilson had cancelled a planned new generation of large aircraft carriers and ordered that all the existing carriers be scrapped by 1971 (Healey, 1966). While one carrier, HMS Ark Royal, was eventually given a reprieve which lasted until 1978, such a move made little difference to the overall direction of policy. In the 1970s, not only did the number of Royal Navy platforms decrease but as the last of its conventional aircraft carriers was

de-commissioned, it entered into a fundamentally new era (Grove, 2005). Now developing a specialist anti-submarine force at its core, by the 1980s expenditure was mainly centred on a small number of helicopter carriers, escorts (destroyers and frigates) and nuclear-powered hunter-killer submarines: all with the primary aim of conducting anti-submarine warfare operations, mainly in the Atlantic (Beaver, 1996). Then, in 1981, the Secretary of State for Defence John Nott launched a Defence White Paper that proposed further reductions to the fleet (Nott, 1981). The plan not only included the proposed sale of the new carrier HMS Invincible to Australia, but it also considered selling two of the navy's large assault ships, HMS Fearless and HMS Intrepid to Argentina (Grove, 2005). In 1982, however, a brief but costly war with Argentina over the Falkland Islands (Brown, 1987) saw Lord Carrington step down from the Cabinet after he took responsibility for the failure of the Foreign Office to warn the government of Argentina's aggressive intentions (Nott, 2004). It also delivered a temporary reversal to some of the proposed cuts (Brown, 1987). Crucially, the war with Argentina won the navy widespread recognition that it should retain at least a minimal carrier and amphibious capability (Grove, 2005; Beaver, 1996). However, as becomes clear with the material presented below, none of this stopped outsourcing, public private partnerships and privatisation progressing in key areas allied to the production of British naval sea power. It is to an analytical framework and these milestones that this chapter now examines.

Entwined in a complex web of thought, action and practice, change in British political economy, governance and accountability during the last thirty years has conjoined a range of practical and ideological considerations (Denham, 1997). As was made clear in Chapter II (above), NPM theorists originally argued that the more market-based approaches could be introduced into the public sector, the more efficiency may result for government, taxpayers and consumers alike (Hughes, 2003; Adams, 2000; Barzelay, 1992; and Osborne and Gaebler, 1992). Symptomatic of wider changes in political and economic discourse, NPM's agenda was to make what remains of the public sector amenable to approaches and methods derived from business, commerce and the free market. While privatisation in the form of asset sales and share

issues have played their part in this process, PPPs and outsourcing (including agencification) have also conjoined a range of disparate forces arguably hollowing out the state (Rhodes, 1994) from above, below and within (see Chapter II above). With power and governance shifting to the global environment and some state capacities transferring to a range of pan-regional, plurinational and international bodies, still others have been transferred or restructured to local and/or regional levels as well as institutions in the private and voluntary sectors.

Putting to the side for the moment issues of an increasingly differentiated polity, loss of control at the centre and the complexities surrounding accountability, performance and outcomes, in terms of political economy, privatisation, PPPs, outsourcing and full blown nationalisation can all be analysed within the classic model of the compass of political economy (Political Compass, 2011). Covering the socio-economic axis of collectivism versus individualism, and the socio-political axis of authoritarianism versus libertarianism, the framework places centrally planned, tax-funded, nationalisations in the socio-economically collectivist and socio-politically authoritarian quartile (Fig.4). As an 'ideal type' construct, it places consumer led, market funded, privatisations in the socio-economically individualist and socio-politically libertarian quartile.

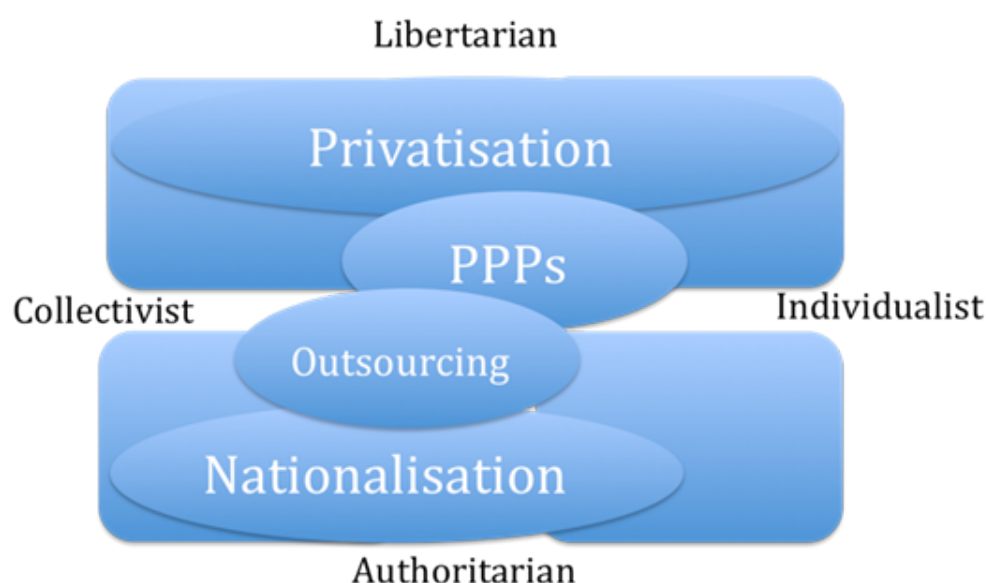


Fig 4. Compass of Political Economy Framework for Royal Navy Reform

While from this perspective friendly societies may denote forms of libertarian collectivism, and churches may denote forms of authoritarian-individualism, outsourcing and PPPs variously cross various quartiles. It is through this prism that the last thirty years of British naval sea power can not only be charted but the direction of its political economy analysed. The compass of political economy is useful to this study because it provides an analytical framework from which its recent history can be charted and framed theoretically.

3.2.1 British Aerospace

More than a year before the Falklands War, on 1 January 1981, British Aerospace (BAe) was changed from being a statutory corporation (established in 1977) to a public limited company. On 4th February 1981 (Hansard, 16 February 1981), the government sold 51.57 per cent of its shares and in 1985 it sold the remainder. At the time, BAe was the UK's largest exporter, with defence representing more than 75 per cent of its total sales (Competition Commission, 1995: 28). Now in private hands and able to raise money on the market, BAe set about becoming one of the world's largest privatised defence equipment contractors.

3.2.2 British Shipbuilders

In 1983, British Shipbuilders was privatised under the British Shipbuilders Act (Legislation, 1983). As a result, numerous divisions of the company were subsequently divested into the private sector and the nationalised parent was wound up.

3.2.3 Royal Ordnance

In 1984, a number of Royal Ordnance Factories (ROFs) were privatised as Royal Ordnance plc. While a small number of ROFs involved in the production

of nuclear weapons (ROF Burghfield and ROF Cardiff) remained in public ownership (and eventually became part of the government's Atomic Weapons Establishment), Royal Ordnance took control of several former government-owned research and development organisations (see below) crucial to UK national defence (National Audit Office, 1987). While some elements of the UK's defence research and design network either remained under Ministry of Defence control, or where subsequently closed down, a number later became part of the newly privatised defence research company, QuinetiQ (see below).

3.2.4 Rolls Royce

In 1987, the government privatised the aircraft engine division of Rolls Royce, which had previously been separated from the automotive division (Rolls Royce Motors) in 1973. In 1994, Rolls Royce proceeded to acquire the Allison Engine Company, a US manufacturer of advanced gas turbines and a wide range of engineered items for the maritime and aviation sectors. As a result of Allison's involvement in a number of US classified and export restricted projects, the takeover was subject to a US Department of Defense (DoD) investigation concerning the 'mediated dilemmas' (see Chapter V below and (Bevir and Rhodes, 2006 and 2010) of national security. In March 1995, the DoD finally ruled that the deal between Rolls Royce and Allison "...[did] not endanger national security" (Department of Defence, 1995). Nevertheless, Rolls Royce was directed to set up a proxy board (staffed by US citizens) to manage Allison, and also to set up a separate enterprise, Allison Advanced Development Company Inc., which directly managed its classified programmes involving sensitive technologies.

In 2000, this restriction was replaced by the more liberal Special Security Arrangement (SSA), under which the board of a company can be composed both of American citizens and nationals from the country of a parent company. Under the new arrangement, issues of national security are only discussed when American managers are present (Wayne, 2006). Today, Allison is a part of Rolls Royce North America. In 1999, Rolls Royce spent more than £1

billion on acquisitions including Cooper Energy Services, the National Airmotive Corporation and, finally, Vickers plc, for its marine divisions.

In 2004, Rolls Royce was awarded a £110 million contract with the UK's Ministry of Defence to supply engines for the C-130 Hercules transport aeroplane. The company was also a major contractor for the PB199 engine, which powered several variants of the Panavia Tornado military aircraft, and the EJ200 engine for the RAF's Typhoon II (Euro-fighter). Another subsidiary of the company, Rolls Royce Marine Power Operations Ltd, manufactures and tests the nuclear reactors used in Royal Navy submarines (Pugh, 2002).

3.2.5 Royal Navy Dockyards

Overall, while for much of the nineteenth and twentieth centuries the provision of national defence came to be viewed as an integral part of the state, and national security was regarded as being "incompatible with the profit motives of private firms" because it was "uniquely a public good that a nation's government is charged with" (International Federation of Professional & Technical Engineers, 2003: 6), in many ways: "...the Thatcher government challenged that idea...when the management functions of two major centres for the UK Royal Navy warship refitting and maintenance were handed over to [private] contactors." (International Federation of Professional & Technical Engineers, 2003: 6)

In 1987, the government announced that the management of the Royal Naval dockyard at Rosyth was to be handed over to the engineering company Babcock. Similarly, the naval base at Devonport was handed over to Devonport Management Limited (DML): a consortium headed by the US company Halliburton, through its UK subsidiary Brown and Root. Resonant of the NPM paradigm and the rise of an increasingly differentiated polity: "The MoD's rationale behind the management privatization was to reduce costs through efficiency that only the private sector could deliver." (International Federation of Professional & Technical Engineers, 2003: 6)

Now run as Government Owned Contractor Operated (GOCO) facilities, the MoD allocated most of the navy's refit and repair work to these yards without significant competition. In practice, this meant: "...66 percent by volume and 76 percent by value over the three fiscal years from FY94-95 to FY96-97." (Pint, E. M., Bondanella, J. R., Cave, J., Hart, R., & Keyser, D., 2000: 133) At this early stage, the remainder of the work was allocated on a competitive basis between the dockyards and a limited number of other, by now, privatised shipyards.

In the early 1990s the government decided that it wanted to go a stage further by actually selling the dockyards to the private sector. As such, the Rosyth sale was completed in January 1997 and Devonport was concluded in March the same year: "The gross sale price for Rosyth was £27.0 million, but MoD deducted £6.5 million in exchange for Babcock Rosyth's agreement to accept all severance liabilities from 2006 onward, and it allowed the company to defer payment of £6 million until it had received 70 percent of its allocated work, expected to occur in 2001-2002" (Pint, E. M., Bondanella, J. R., Cave, J., Hart, R., & Keyser, D., 2000: 135). Moreover: "The sale price for Devonport was set at £40.3 million, after deducting £3 million in exchange for Devonport Management's agreement to accept liability for layoffs on commercial work and MoD's completed workload" (Pint, E. M., Bondanella, J. R., Cave, J., Hart, R., & Keyser, D., 2000: 135).

On 11 February 1997 Halliburton released a press statement from its headquarters in Dallas, Texas. Commenting on the deal in a way that serves to highlight the increasingly internationalisation of naval governance and the hollowing out of a range of Weberian state capacities, it asserted:

"Halliburton's subsidiary Halliburton Holding Limited, the United Kingdom parent of Brown & Root Ltd., will own 51 per cent of DML. The other owners of DML will be The Weir Group plc (24.5 percent) and BICC PLC (24.5 percent).

"Devonport Royal Dockyard, located in Plymouth, England, principally provides repair and refitting services for the British Royal

Navy's fleet of submarines and surface ships. DML has operated the dockyard under a "government-owned-contractor-operated" term contract since April 1987. Following the dockyard acquisition, DML will continue to provide the large majority of its services to the British Royal Navy." (Marcus, 1997: 1)

Significantly, Dick Cheney, Halliburton's chairman at the time, concluded the press release by stating:

"We are pleased that Halliburton is able to participate in the United Kingdom's privatization of this important naval facility. Because of Brown & Root's active involvement in the management and operation of the dockyard during the past nine years we are confident that private ownership will bring real benefits to the United Kingdom defense program and provide DML's owners with a significant business enterprise." (Marcus, 1997: 1)

In 1998, Fleet Support Limited (FSL) was established as an engineering and support services company to manage Portsmouth naval dockyard. Providing an integrated ship design, build and 'through life support community' the company was a 50/50 joint venture between BAe Systems and the Vosper Thornycroft Group. In 2002:

"Portsmouth Naval Base (PNB) and Fleet Support Limited (FSL) entered into an 11 year Strategic Partnering Agreement...with the aim of delivering substantial improvements in the efficiency and cost effectiveness of the Naval Base. Partnering involved the company taking responsibility for delivering many of the naval base outputs such as Fleet Time Engineering, Waterfront Services and Logistics along with many supporting functions such as estates management. The agreement also involved a substantial change to FSL's Ship Repair Business (the former Fleet Maintenance and Repair Organisation) to support open competition in the Warship Repair Market." (Swain, 2005: 9)

Having now transferred into private ownership the UK's shipbuilding and naval dockyards, the Ministry of Defence had effectively established an internal market in which different providers competed for Royal Navy contracts and work. Shipbuilding, maintenance and repair were no longer the preserve of government owned monopolies. They were now subject to greater degrees of market competition and forms of governance increasingly reliant on interlinked partnership working.

3.2.6 Royal Aircraft Establishment

In 1988, the Royal Aircraft Establishment (RAE) was renamed the Royal Aerospace Establishment. Originally created in 1908 as HM Balloon Factory and in 1911 renamed the Royal Aircraft Factory, 'RAE' was a Ministry of Defence research establishment. However, on 1 April 1991 it became part of the MoD's new research organisation, the Defence Research Agency (DRA).

3.2.7 Defence Evaluation and Research Agency

Four years later, on 1 April 1995, the DRA merged with a number of other MOD research organisations to form the new Defence Evaluation and Research Agency (DERA). In 2001, DERA was then itself divided into two new organisations. While one part, the Defence Science and Technology Laboratory (DSTL) remained in the public sector the other division - some two thirds of DERA - was privatised as the company, QuinetiQ (Massey and Shidlo, 2010).

3.2.8 New Roles for the Royal Navy

Following the collapse of the Soviet bloc in the very early 1990s the major priority of the Royal Navy remained its long planned provision of the UK's independent nuclear deterrent through four Vanguard Class submarines each armed with Trident II missiles and nuclear warheads (Grove, 2005). Moreover, following the rapid decline in the capabilities of the Soviet military and in

particular the Russian Navy, from 1991 onwards, the Royal Navy's role and structure came under increased scrutiny. As a consequence of continuing budgetary pressures and a desire on the part of the Treasury to reap the rewards of a post-cold war 'peace dividend', the Royal Navy experienced a plethora of cuts. While in 1990 the government had produced its defence paper '*Options for Change*' (Ministry of Defence, 1990), it soon became apparent that with such conflicts as in Iraq and Yugoslavia the world was not only becoming more unsettled but:

“There seemed...to be a greater likelihood than for many years of the UK armed forces being involved with crises around the world, probably in conjunction with the UN, NATO or other allies.” (Beedall, 2006)

As a consequence of this new and increasingly globalised and differentiated reality (Rhodes, 1994) the Royal Navy started to adapt to a fundamentally new role (Grove, 2005). Now much less concerned with the maintenance of anti-submarine operations in the North Atlantic it started to consider an increased range of capabilities of what were then termed 'out of area' operations. In addition to its primary deterrent role, by 1992, the Royal Navy had identified three core capabilities that it subsequently prioritised (Grove 2005):

1. The development of an enhanced amphibious force capability;
2. A new generation of Nuclear Attack Submarines (SSNs);
3. A new generation of large aircraft carriers (CVF).

To free up resources and successfully invest in these areas senior navy commanders had to operate in an increasingly tight fiscal environment. As such:

“The six years 1992-1997 saw the RN close many bases and other shore facilities and lose 33% of its uniformed strength (from 62,400 at 1 January 1992 to 41,368 at 1 June 1997)” (Beedall, 2006).

It was during this period that the Navy's destroyer and frigate force declined from forty-five ships to thirty-five. While the nuclear submarine (SSN) force was reduced from fifteen boats to twelve (including in 1992 the decommissioning of HMS Swiftsure after only nineteen years service), the conventional submarine (SSK) force was eliminated with the decommissioning of the navy's Oberon class units and the lease of four completely new Upholder Class submarines to Canada. Similarly, the Royal Navy's mine-sweeper and mine-hunter force was halved. Not only did the navy lose its remaining Ton Class vessels, but, its replacements for the aging Type 42 Batch 1 destroyers were postponed (Grove, 2005).

3.2.9 Royal Maritime Auxiliary Service and Serco

In 1996, the Royal Maritime Auxiliary Service (RMAS), which had been the government agency that traditionally ran a variety of civilian manned support vessels for the Royal Navy (Carrington, 2001) had much of its work contracted out to commercial tender by the Warship Support Agency. As such, many navy tugs, lifting craft and a host of other support vessels were now provided by the private sector. With Serco Denholm becoming the preferred bidder, the RMAS was formally disbanded in March 2008 (see Chapter II).

3.2.10 New Labour's Strategic Defence Review

In July 1998, the government announced that as part of its Strategic Defence Review (SDR) (Robertson, 1998), the Royal Navy was to have a new operational concept for maritime forces and one that emphasised joint operations alongside the British Army and the Royal Air Force (RAF). Known as the maritime contribution to joint operations the Royal Navy was now destined to:

“Play a key role in the new Joint Rapid Reaction Forces;

“Make maximum use of the navy’s inherent mobility and flexibility, together with our ability to deploy early and operate independent off shore support;

“Provide an amphibious force, reinforced when required by Army tanks, armoured vehicles and attack helicopters;

“Deploy joint combat air power from all three services using fixed wing aircraft and attack and support helicopters;

“Provide, support and defend the sealift vessels required to sustain operations of all kinds;

“Help to deter conflict and forestall crises where possible, and;

“When required, support the movement of land and air forces ashore throughout the subsequent campaign.” (Beedall, 2006)

Following the SDR these aims and objectives were to be achieved through:

“A renewed commitment to an amphibious brigade as a highly trained and ready force, with better equipment including armoured all terrain vehicles, heavier artillery and weapon locating radar;

“A major commitment to improved amphibious shipping, including the helicopter carrier HMS Ocean, roll-on/roll-off ships, landing ships logistic and the two landing platforms dock, HMS Albion and HMS Bulwark;

“Plans for the procurement of two larger aircraft carriers, able to operate fixed-wing and the full spectrum of defence helicopters;

“Fitting all attack submarines to be able to operate the Tomahawk land attack missile;

“Continued reliance on modern frigates and destroyers, whose flexibility allows a wide range of employment in operations of all kinds;

“Continuing investment in mine countermeasures to enable us to undertake force projection in littoral waters;

“A shift of emphasis towards joint training with land and air force units, particularly as part of the new Joint Rapid Reaction Forces.” (Beedall, 2006)

Following the SDR other major points that affected the Royal Navy included:

“The number of nuclear warheads on each Trident submarine is reduced from 96 to 48;

“The number of Trident missile purchases will be reduced from 65 to 58;

“No further Merlin helicopters will be ordered beyond the current 44. This will require more Lynx to be upgraded to Mark 8 and some Sea King Mk6 will not be replaced;

“RN Harrier FA2 and RAF Harrier GR7 forces are to be integrated in a “Joint Force 2000” programme;

“Anti-ship role RAF Tornado’s are to be withdrawn from service.”
(Beedall, 2006)

However, the review also concluded that: “No further cuts in RN manpower are planned” (Beedall, 2006).

Overall, the review prescribed a profound re-alignment of the UK’s military forces and posture. No longer primarily tasked to fight major broad-front wars the main objective now was to provide a more flexible joint rapid reaction capability and one that enabled a powerful intervention in a wide range of crises around the world. Containing mixed news for the Royal Navy the Secretary of State for Defence, George Robertson, stated: “For the RN, the emphasis will move from large scale open-ocean warfare to force projection and littoral operations in conjunction with the other two Services, with a premium on versatility and deployability. We will match the front line more closely to today’s requirements so that manpower can be used to maximum effect where it is really needed.” (Robertson, 1998)

Significantly, it was at this time that Robertson announced that the Royal Navy would now have two new large aircraft carriers, four additional roll on roll off container ships, and two replacement landing ships (logistic) (Grove, 2005). He also announced that all the navy’s Trafalgar class submarines would be made capable of firing its 1,000-mile range Tomahawk Land Attack

Missiles. Moreover, over the longer term the navy was to have five new Astute Class submarines and the Royal Navy Reserve was to be increased by 350 personnel to a total of 3,850. However, to deliver these changes the government also announced that the navy's attack submarine force would be reduced from twelve boats to ten and its combined total of destroyers and frigates would be reduced from thirty-five to thirty-two ships (Robertson, 1998).

3.2.11 Point Class Vessels

While the 1998 SDR announced that "it has been decided that to meet our sealift requirement an additional four roll-on-roll-off container vessels will be acquired" (Beedall, 2006) by the following year the Ministry of Defence had concluded that two existing roll-on-roll-off vessels would be replaced and that therefore the total requirement was for six new ships. Significantly, it was decided that this programme would be funded by a long range Private Finance Initiative (PFI) arrangement and that providing the ships were equipped and classed as merchant vessels they could become available for private commercial activities when not required by the Ministry of Defence.

In October 2000, the government announced that the UK company AWSR Shipping Ltd had been chosen as the preferred bidder for a twenty five year contract to provide the service. And in June 2002 the government: "...finally announced that negotiations with AWSR Shipping Ltd had been concluded and a...contract that will run until 2024 had been finally signed." (Beedall, 2006) At the time, the authoritative web site *Navy Matters* commented:

"Based on a projected usage, the service is worth some £950 million, of which some £800 million is likely to be spent in the United Kingdom. The service will be available from 2003. The full six-ship service will only be required for major operations and exercises and under the terms of the contract the service providers can make ships available for the generation of commercial revenue at times when they are not needed by the MOD" (Beedall, 2006).

While the contract specified that AWSR Shipping Ltd is responsible for the provision of crews and the operation and maintenance of the ships over the twenty-five years, it was also agreed that while in MoD use the company would provide a completely British officer and merchant seamen crew.³ Moreover, after a phase-in period: "...these seafarers will be eligible for call out as Sponsored Reserves for operational requirements." (Beedall, 2006)

Eventually delivered into service at the end of 2003, each of these 23,000 tonne (full load) vessels have contract crews of eighteen people, a maximum speed of twenty-two knots and more than 2,500 lane meters available for military vehicles. With each ship able to carry a cargo that can include twenty-five Challenger-2 main battle tanks, twenty-four Warrior Armoured Personnel Carriers, and a sizeable number of 155mm self propelled artillery guns, vehicles and trailers, they significantly enhance the UK's military sea borne strategic lift capacity (Beedall, 2006). They also signal another important advance from government to 'governance' in that they involve the buying-in of commercial ships, personnel and capabilities previously undertaken in-house by the Weberian state.

3.2.12 Astute Class Nuclear Submarine Training

In September 2001, the MoD awarded a key thirty year training contract believed to be worth around £300 million to the UK based FAST consortium. A private joint venture company owned by BAE Systems and Finmeccanica Spa of Italy, CAE Inc., of Canada and Flagship (a joint venture company owned by BAE Systems, VT and Johnson Controls of America) the contract was for the training of crew members on the Royal Navy's latest generation of nuclear powered attack submarines: the Astute Class.

In September 2004, BAE Systems reported that Flagship Training Ltd had been awarded a £20 million extension to their Astute Class training contract.

³ This rule does not apply when the ships are in commercial use.

Asserting that the “packages will be delivered by Flagship using a purpose-built training facility at HMS Faslane base on the Clyde” (BAe Systems, 2004) the company concluded: “The training programmes will be designed over the next few years and Flagship will begin delivering the programmes in Spring 2007.” (BAe Systems, 2004)

3.2.13 900 Reviews

In line with the ideas surrounding policy networks, an increasingly differentiated polity and the hollowing out of the state, in March 2003 *The Observer* newspaper published a major article by Nick Mathiason entitled ‘*The first privatised war*’. Initially dwelling on the looming conflict with Iraq, Mathiason noted that after years of significant economic reform, the Ministry of Defence was now: “...poised to enter into a welter of partnerships with business, ushering in the most fundamental shake-up of the military for more than 100 years” (Mathiason, 2003). Providing an overview of the government’s thinking on the future he wrote:

“Entire training, logistics and supply operations are set to be hived off to big business in the most far-reaching intrusion of the private sector into what was considered the state’s preserve. More than 900 procedural reviews by MoD officials and consultants are coming to a head.” (Mathiason, 2003)

He continued:

“There are strong indications from within the ministry and unions that a shift is under way from the armed forces’ procurement body being a ‘decider and provider’ of logistic support to an ‘intelligent decider’ that may contract out most requirements.” (Mathiason, 2003)

3.2.14 Defence Logistics Organisation

In 2002, the leading management consultancy McKinsey published a strategic plan for the Defence Logistics Organisation (DLO). Turning over more than £6 billion a year and representing some twenty five percent of the MoD's total budget the report recommended a vision for the DLO in which it would be required to: "...leverage industrial capacity and shape our relationship with industry" (Mathiason, 2003). Commenting on its conclusions, Mathiason asserted: "The shift will be welcomed by companies such as Compass and Sodexo, which provide food services, and a host of defence contracts" (Mathiason, 2003). Moving to the issue of the training of military personnel, the article continued:

"Training of troops is the other main area of focus. BAE Systems and VT Group, the shipbuilder and defence PFI specialist, along with Thales and a number of building firms, are set to benefit hugely from lucrative new contracts. Training schools for the Army, Royal Navy and Royal Air Force are now separate, but they are set to amalgamate in what could be a property bonanza." (Mathiason, 2003)

3.2.15 Intelligence and Security

Finally, turning to such Weberian matters of 'core state' military intelligence and security, Mathiason concluded:

"Most controversially, perhaps, management of the armed forces' secret files – which cover Northern Ireland, the Gulf war and a host of sensitive and historic areas – is set to be handed over to a private contractor. Two private firms are vying to take on the contract, move staff from west London to the North and computerise the records." (Mathiason, 2003)

3.2.16 Training

On 6 May 2005, the local Portsmouth newspaper, *The News*, reported looming trade union fears over the possible privatisation of naval personnel training. Under the heading, '*Job axe fears over bid to privatise many bases*', the article asserted that hundreds of positions were "hanging in the balance as ministers decide whether to privatise the Royal Navy's training bases" (Rosamond, 2005: 25). The article continued: "Worried employees of HMS Sultan in Gosport and HMS Collingwood at Fareham fear jobs will be lost under the massive shake-up." (Rosamond, 2005: 25)

Reporting trade union concerns that the government's Defence Training Review (DTR) would lead to a fall in the standards of instruction for sailors, soldiers and airmen the article continued: "Three consortiums are vying to take over the specialist training of all three armed services in a deal worth between £17bn and £19bn, involving thousands of instructors and support staff. Due to take effect from 2007, the 25-year lease will be the biggest private finance deal yet struck by the Ministry of Defence. The winning firms are guaranteed the contract for at least 15 years, irrespective of performance" (Rosamond, 2005: 25). The article concluded: "An MoD spokesman said: "Some posts will be affected by relocation, but...It's about a significant investment in defence training which will create far better facilities, although there will be savings through more efficient use of the estate." (Rosamond, 2005: 25)

On 18 July 2006, members of the Public and Commercial Services Union (PCS) commenced a twenty-four hour candlelit vigil in front of the MoD's main building in London's Whitehall. Concerned over advancing government plans to privatise naval and defence training, Paul Barnsley, the PCS's national officer for the MoD said:

"These plans put at risk the future quality of the training of our armed services. The MoD have disgracefully told their staff that they cannot bid for their own jobs and are to be denied the opportunity to put together an in-house bid.

“Today they will make clear that they are not prepared to work for the private sector as they believe that the unquenchable thirst for profit that will result will lead to a drop in standards and quality to ensure shareholder dividends.” (Berry, 2006)

On 17 January 2007 the Secretary of State for Defence, Des Browne, announced that the Metrix consortium was to be awarded both training contracts. Arguing that the DTR will provide “the best possible specialist training by creating National Centres of Excellence, through a programme of investment, rationalisation and modernisation”, the government announced that: “St Athan, in the Vale of Glamorgan, South Wales, will be home to a new tri-service Defence Training campus. Improvement and investments are also planned on a number of other training sites...We expect the anticipated solutions to eventually reduce the current defence training estate from about 30 current sites to about 10 in the future, with a main campus to be located at St Athan.” (UK Parliament, 17 January 2007).

Overall, the awarded training contracts covered a number of disciplines which included aeronautical engineering, communications and information systems, electro-mechanical engineering, logistics and personnel administration, MoD police and guarding, and finally, security, languages, intelligence and photography services.

3.2.17 Small Warship PPP

By the end of 2003, Vosper Thornycroft Shipbuilding had completed the delivery of three new River Class offshore patrol vessels for the Royal Navy. The first ship of the class, HMS Tyne, entered service with the navy in January 2003; HMS Severn entered service in June 2003 and HMS Mersey followed in December 2003.

During 2000 and 2001, VT had successfully submitted a proposal and tender to the MoD from which it was finally awarded the contract for the ships in April 2001. However, under a contractual ‘lease arrangement’, the company

financed the capital development and construction costs of the vessels (estimated at £60 million) and subsequently chartered the ships to the Ministry of Defence for five years. As such, the Royal Navy did not actually own them: “Instead, VT retains ownership of the ships and charts them for a period of five years; added to this is a daily charge for full Contractor Logistics Support” (Labone, 2006).

In January 2007, the lease charter was extended for another five years, from 2008 to 2013. Under the terms of the agreement, VT’s Integrated Logistics division is contracted to provide key logistical and maintenance support for the vessels.

3.2.18 HMS Clyde

In February 2005, the MoD placed another contract with VT, this time for a River Class (Batch 2 variant) designed to be deployed as the new Falkland Islands patrol ship (replacing HMS Leeds Castle and HMS Dumbarton Castle). In early September 2006 the new ship, HMS Clyde, was formally named at an evening ceremony at VT’s shipbuilding facilities within the confines of Portsmouth naval dockyard. The first ship to be constructed in the naval base since 1967 (when the Leander Class frigate HMS Andromeda was built), the vessel was finally ready to commence operations in the South Atlantic in 2007. Like the three ships of Batch 1, HMS Clyde came under a Public Private Partnership (PPP) programme that now sees the private sector supplying key service elements traditionally delivered by state owned organisations.

In recent years VT has established what it calls a Contractor Logistics Support service (CLS) which according to the company’s Project Manager, Richard Labone, breaks: “...new ground in the provision of support and naval vessels” (Labone, 2006). Today, VT’s Naval Support division has developed a CLS capability that can even support HMS Clyde “...some 6,000 miles away” (Labone, 2006). According to Labone:

“The fundamental element of the charter and CLS service is that VT Naval Support gets paid by results. Only when the ships are available for MoD tasking is the MoD liable for costs, working to a minimum requirement that VT must make each ship available for 320 days a year, this demands a comprehensive, capable and effective CLS organisation which has a demonstrable track record.” (Labone, 2006)

Assessing the success of the charter and CLS service, VT asserted that:

“In the first year, the River Class ships achieved 97.5 per cent availability of the required number of operational days, compared to an average of 82 per cent availability for the ships that they replaced. Besides availability, the quality of accommodation on board and operational effectiveness have both underlined the value and design and the package that VT has put together to provide such an innovative solution.” (Labone, 2006)

Initially, the CLS process had been developed from VT’s experience with the navy’s Echo Class of survey ships (HMS Echo, launched in March 2002, and; HMS Enterprise, launched in April 2002). Although VT Naval Support provided these ships with an “extensive 25-year CLS programme...including the presence of a VT-sponsored reserve on board to carry out first-line maintenance of the ships’ complex electronic systems” the MoD had still covered the capital expenditure involved in actually building these ships. Indeed, it is in this context that HMS Clyde represents “a step further in the provision of effective customer focused support” (Labone, 2006):

“With a fully Integrated Project Team (IPT) of VT Shipbuilding, VT Naval Support and DLO representatives, the exacting demands and specifications required for this vessel will be met. Lessons learned have been incorporated in the design, whilst the partnering arrangements established across the stakeholder community have further enhanced the effectiveness of the project team in delivering a quality product. VT Naval Support will be required to make the ship

available for sea at least 282 days a year through a round-the-clock, global maintenance commitment including repairs and spares.” (Labone, 2006)

According to Larry Purkiss who in 2006 was the CLS Manager for the DLO:

“VT and the UK MOD have, in partnering, worked together to develop the policies and procedures to deliver whole ship Contractor Logistic Support for the River Class [ships] and the Echo Class Survey vessels.

“This has enabled the ships to exceed the very challenging availability targets and delivered significant cost savings for the MOD. The working relationship continues to mature and the lessons learned are proving invaluable in the development of the support solution for HMS Clyde.

“The success that has been achieved with this innovative approach to whole ship support is attracting genuine worldwide interest and VT can be justified in claiming that they are world leaders in this field.” (Labone, 2006)

Purkiss concluded:

“[A] VT-sponsored reserve will also be deployed to work alongside the ship’s crew managing certain maintenance aspects, effectively managing the CLS element in situ. Besides manpower, another pressing challenge will be the fast transit of spares beyond those available on board or ashore....Although most maintenance will be carried out at sea or on short stays at Mare Harbour or Port Stanley, there will be a requirement at times for longer periods of maintenance. With the likelihood that the ship will never return to UK waters throughout her operating life, VT Naval Support is looking at various regional options to offer suitable docking facilities...Nevertheless, the support services and shipbuilding arms of VT are confident that they can fulfill the requirement and provide the MoD with a cheaper and more robust South Atlantic patrol presence...” (Labone, 2006).

As a result of mergers and acquisitions that variously saw VT taken over by British Aerospace (BAe) and Babcock, in 2011, BAe won the contract to maintain the ship in the Falkland Islands until 2018. With private maintenance personnel stationed onboard since 2007, the private sector has consistently had the ship “ready for use by the Navy more than 99 per cent of the time” (Merco Press, 2011). In recent years the River Class has attracted interest from a range of overseas customers interested in them fulfilling Economic Exclusion Zone (EEZ) patrol duties including disaster relief, fire-fighting, rescue work and interception.

3.2.19 Continuing Cuts

In July 2004, the MoD listed an important series of changes for the Royal Navy as part of its *Delivering Security in a Changing World: Future Capabilities* review (Ministry of Defence, 2004). While it announced ‘significant’ yet classified increases to the strength of British special forces and new investments in their equipment, and it confirmed the government’s desire for the Royal Navy to have its two new ‘super carriers’ it also announced that the navy’s overall manpower was to be reduced by a further 1,500 personnel (Grove, 2005).

The review also specified a reduced purchase of the navy’s new Type 45 destroyers from 12 to 8 vessels; a reduced force of Type 23 frigates from 16 to 13 vessels by March 2006; a reduced force of nuclear attack submarines from 12 to 8 boats by December 2008; a reduced force of mine countermeasure vessels from 19 to 16 by April 2005; the paying off of the Northern Ireland patrol fleet of three Hunt Class mine hunters by April 2007, and; the early retirement of three of the oldest Type 42 destroyers. As such, a summary of warships paid off without replacement included: HMS Cardiff, HMS Newcastle, HMS Glasgow, HMS Norfolk, HMS Marlborough, HMS Grafton, HMS Superb, HMS Trafalgar, HMS Brecon, HMS Cottesmore, HMS Dulverton, HMS Bridport and HMS Inverness. As these cuts started to impact, Admiral Sir Alan West, the First Sea Lord and Chief of the Naval Staff,

publicly warned in early 2006 that any further reduction to the number of the navy's warships would seriously jeopardise its operational capability. On this point he said:

"I don't think anything should ever be sacred but we do have to be careful that we do not reduce the navy to a level that makes recovery difficult....It takes a long time to build up a maritime force that can cope with both the expected and the unexpected. The UK's security depends on having the right range of maritime capabilities." (Rayment, 2006)

In a direct reference to the planned government cuts that had been proposed prior to the 1982 Falkland's crisis and strongly echoing the hollowing out of the state thesis, Admiral West warned:

"Whenever the UK has got to the stage where it is spending too little on defence the nation has suffered, due to some unforeseen event not long afterwards....You can only have what the Government and the public are prepared to set aside for defence spending." (Rayment, 2006)

3.2.20 The Coalition's Strategic Defence and Security Review

Following the election of a Conservative and Liberal Democrat coalition government in early 2010, the government published its Strategic Defence and Security Review in October of the same year (HM Government, 2010). Overseeing a reduction in MoD budget of 7.7% over four years its central financial objective was to address a £38 billion overspend in the military's procurement budget (Taylor, Claire and Lunn, 2010). It is in this context that the Royal Navy's head count was again reduced from 35,000 to 30,000 personnel (HM Government, 2010). The navy's flagship aircraft carrier, HMS Ark Royal, was decommissioned almost immediately (rather than in 2014 as had been expected) and the First Sea Lord was told that either HMS Ocean or HMS Illustrious also had to be decommissioned (it was subsequently confirmed that the latter is to be withdrawn from service in 2014). The Fleet

Air Arm lost its Harrier aircraft and one of the Albion class landing platform dock ships was put into reserve on extended readiness (BBC News, 19 October 2010). Moreover, the review stipulated that one of the Royal Fleet Auxiliary's (RFA) Bay class landing ship dock vessels (RFA Largs Bay) had to be decommissioned; whereupon it was sold to the Royal Australian Navy for £100m (UK Parliament, 15 December 2010). The review also reduced the number of nuclear warheads carried on each of the fleet's Vanguard class submarines from 48 to 40. And it delayed by four years the replacement of the UK's nuclear deterrent. Finally, the navy's number of frigates and destroyers was reduced to just twenty ships (Fig.5).

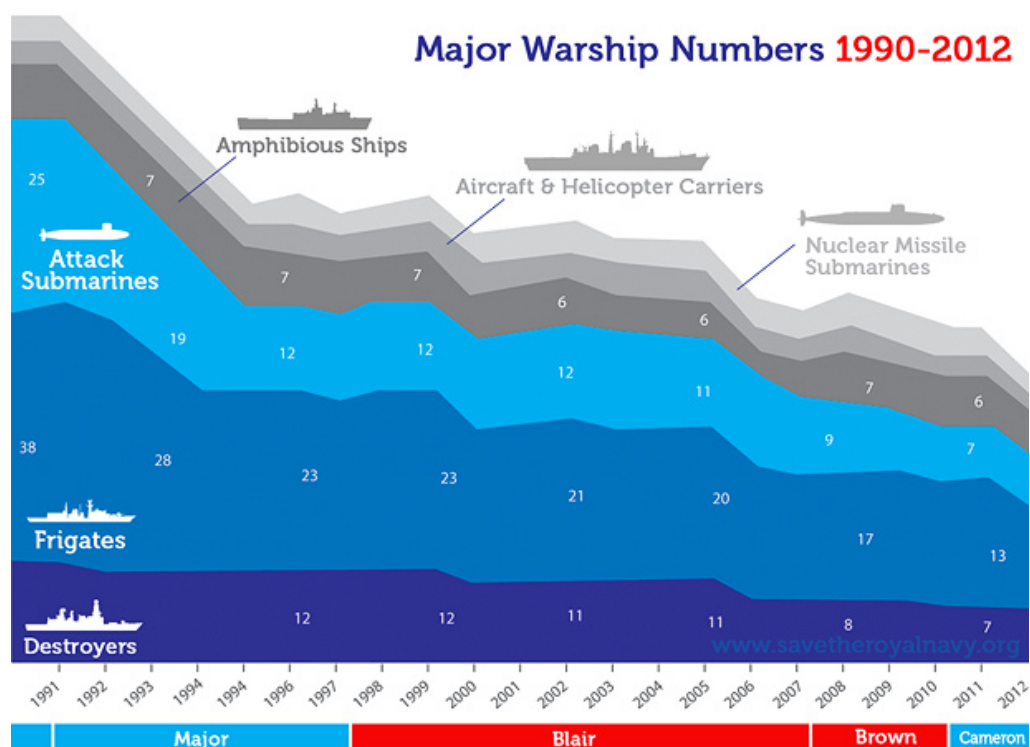


Fig.5. Decline in the numbers of Major Royal Navy Warships 1990-2012.

3.2.21 Royal Fleet Auxiliary PPP

Prior to the Strategic Defence and Security Review, the previous government had announced in December 2009 that it was considering a 'privatisation of the Royal Fleet Auxiliary' (Independent, 2009). Under the heading "Navy supply fleet 'to be privatised', as MoD seeks £200m cuts" the Independent newspaper reported:

"The Ministry of Defence is expected to take the first steps tomorrow towards privatising the fleet that supplies Britain's warships. It will announce a review into the future of the Royal Fleet Auxiliary (RFA) as part of a series of cost-cutting measures which should be announced early next year" (Independent, 2009).

With trades union leaders reportedly believing the 'privatisation' to be a "done deal" they nevertheless expressed concern that the RFA Flotilla could be "manned with cheap labour from countries such as the Philippines" (Independent, 2009). They also expressed concern "that new ships will be built in China or India rather than Britain" (Independent, 2009).

In the wake of the financial crisis of 2008, ministerial sources were reported as saying that "the MoD is struggling with severe cash-flow problems" and one source spoke of "blind panic...such is the scale of the cash crisis" (Independent, 2009). Commenting on what he believed to be the strategic dangers of 'RFA privatisation', the Labour parliamentarian John McDonnell MP argued:

"There will be a lot of anger. It is lunatic in the extreme at this point in time – who in their right minds would make us vulnerable in this way? It's extraordinary...It comes close to a general election and covers a lot

of concerns – from security to the principle of privatisation” (Independent, 2009).

The leader of the Rail, Maritime and Transport (RMT) union, Bob Crow, said:

“...this is purely a cost-saving exercise. The only way they could save large sums of money is by cutting the cost of the staff. So the people who supply the fleet with fuel and munitions would be casual labour, and it doesn’t take much imagination to see the inherent security risks in that. It could also mean that new ships are built in India or China, rather than British shipyards.” (Independent, 2009)

In response, an MoD spokeswoman countered:

“The ministry is looking at ways we can improve efficiency across defence. We are considering a number of options, how we can achieve this, and trade unions are fully engaged in the process. No decision has yet been made.” (Independent, 2009)

Then, in December 2010, government ministers indicated that the “Royal Fleet Auxiliary (RFA) will not be privatised...[although]...it will still face cuts...” (Defence Management, 2010). During a debate in Parliament, Defence Minister Andrew Robathan said that there was “insufficient evidence” to justify privatisation after an “informal market exercise” had concluded that “industry would not be prepared to shoulder the capital and operating risks in running the current fleet” (Defence Management, 2010). The minister continued:

“While there was strong commercial interest in contractorisation of the RFA and the industry would be prepared to operate the service at all threat levels...[and]...although the study concluded that there might be scope for some market efficiency savings, no enthusiasm was expressed for either acquiring the existing RFA flotilla in whole or in part – or assuming both the capital and operating risks. On that basis, therefore, there is insufficient evidence in favour of changing the

current RFA business model, which has served us well for a number of years” (Defence Management, 2010).

Four months later, in March 2011, the Conservative MP for Wycombe, Steve Baker, asked the Secretary of State for Defence what “his policy is on the involvement of the private sector in the Royal Navy in addition to the Royal Fleet Auxiliary?” (UK Parliament, 15 March 2010) In reply, defence minister Nick Harvey MP stated:

“The private sector supports the Naval Service in a range of contracted out activities through commercial policy arrangements and includes training, maintenance, catering and cleaning. Additionally, under a private finance initiative arrangement six roll-on/roll-off sealift ships (the Point Class) are used to transport military cargoes when required. These are civilian ships with British based crews who are required to be sponsored reserves as a condition of service.” (UK Parliament, 15 March 2010)

3.2.22 Private Armed Guards Protect UK Ships

With the subject of the possible privatisation of some of the Royal Navy’s larger vessels now the subject of continued Parliamentary debate it was not long before the idea of the private production of naval sea power took another dramatic step forward. In February 2011, key players in the London insurance market announced their plans for a “private navy to fight piracy” (Lloyds Loading List, 21 February 2011). As Lloyds Loading List reported at the time:

“Insurance firms in London plan to defeat Somali piracy by creating a private fleet designed to escort vessels across the Gulf of Aden. Insurers devised the Convoy Escort Programme (CEP), which could come into action by the summer, in a bid to reduce the costs of insuring vessels and their cargo and crew” (Lloyds Loading List, 21 February 2011).

Outlining the consortium behind the plan, Lloyds Loading List continued:

“Sean Wollerson, a partner in the marine, oil and gas division at insurance broker Jardine Lloyd Thompson (JLT) and a key designer of the plan, has estimated that approximately US\$27.5 million would be needed to purchase 18 second-hand vessels. The project is also being worked on by insurance underwriters, including Ascot Underwriting. The shipping industry has already shown its support for the initiative and the Baltic and International Maritime Council (Bimco) has agreed to help facilitate the programme.” (Lloyds Loading List, 21 February 2011)

Commenting on the hollowing out of the state economics of “war-risk insurance cover”, the article concluded:

“The aim is for ship-owners to buy the armed escort service, packaged with seven days of war-risk cover from Ascot Underwritings’ Lloyd’s Syndicate 1414. In doing so, the ship-owner will not need to pay the normal higher premium required to transit high-risk pirate areas. It has been reported that each insurance-funded vessel will carry eight armed security personnel, four crew and inflatable speedboats. Woolerson said the programme would allow any vessel looking for protection when transiting the Gulf of Aden to do so through its Lloyd’s of London broker” (Lloyds Loading List, 21 February 2011).

Then, in October 2011, British Prime Minister David Cameron announced that ships sailing under a UK flag would in future be able to carry private armed guards to protect them from pirates. Pointing out that 49 of the world’s 53 hijackings in 2010 were off the coast of Somalia (BBC News, 30 October 2011), Cameron said that under the plans the Home Secretary would be given the power to license private armed guards for ships. While the government claimed that “No ship carrying armed security has been hijacked” (BBC News, 30 October 2011), the BBC asserted:

“It is thought many British-registered ships already carry armed guards because they feel they have no alternative” (BBC News, 30 October 2011).

Commenting on this significant shift in government policy away from Weberian monopoly towards the differentiated protection of British vessels, the BBC’s security correspondent Gordon Corera wrote:

“Until now, vessels flying the British flag have not been licensed to carry their own weapons on board...Pirates operating out of Somalia now range over around three million square miles of sea leaving existing navy patrols stretched. The hope will be that armed patrols act as a deterrent, but there are risks. Some experts warn of the danger of an escalation in the violence with pirates responding with heavier weapons” (BBC News, 30 October 2011).

When Mr Cameron was asked on BBC television’s Andrew Marr Show if he was comfortable with giving private security personnel the right to “shoot to kill”, the Prime Minister responded “We have to make choices” (BBC News, 30 October 2011). He added: “I want to make sure more of these pirates actually face justice” (BBC News, 30 October 2011). However, while Brigadier Paul Gibson argued that the Royal Marines should have been given the task of arming the ships (BBC News, 30 October 2011), back in July 2011, the Foreign Office Minister Henry Bellingham had already confirmed the government’s position. In reality, limited tax funded and state military resources meant it was:

“...no longer possible to free up Royal Marines for a ship protection role” (BBC News, 30 October 2011).

3.2.23 Outsourcing of Royal Navy and Royal Air Force Search and Rescue

In November 2011, the government announced the outsourcing of the Royal Navy and Royal Air Force (RAF) search and rescue service. On 29 November the press reported that by:

“2016 the country’s coastline and mountains will be patrolled by civilians replacing 90 RAF and Royal Navy pilots...The move will mean the end to 60 years of military search and rescue by servicemen who have saved thousands of lives both at sea and off mountain tops.”
(Daily Telegraph, 29 November 2011)

Despite ‘policy network lobbying’ to the contrary by the Duke of Cambridge who served as an RAF air sea rescue helicopter pilot, the government: “...pressed ahead with its original plans and announced yesterday that the Navy and RAF will “cease to provide” the service from 2015” (Daily Telegraph, 29 November 2011). With the military’s distinctive yellow Sea King helicopters to be retired by March 2016, the search and rescue function is being transferred to the Department for Transport so that they can begin: “a procurement process for the private sector to provide civilian crews on a 10-year contract” (Daily Telegraph, 29 November 2011). In explaining the move, Justine Greening, the Secretary of State for Transport said the new contract would enable the armed forces to “focus on their front line operations” (Daily Telegraph, 29 November 2011). Arguing that she believed the private sector would provide “a more reliable service” (Daily Telegraph, 29 November 2011), it was also reported that a new mix of privately deployed helicopters would range from the small Augusta Westland 139, to the larger Eurocopter NH90, Super Puma or the Merlin (Daily Telegraph, 29 November 2011). Significantly, the defence analyst for Jane’s Defence Weekly, Tim Ripley, described the outsourcing as having “serious implications” for the Weberian state’s monopoly. He asserted:

“The most significant impact will be on the ability of the UK military to respond to major emergencies at home. The Sea Kings are the only military helicopters held at high readiness, in large numbers to respond

to a natural disaster, nuclear accident or major terrorist incident” (Daily Telegraph, 29 November 2011).

3.2.24 Major Warship PPP

Just as HMS Clyde remains a commissioned Royal Navy warship that is in reality owned by VT but leased to the navy under a Contractor Logistics Support (CLS) contract (see above), so the Royal Norwegian Navy (RNoN) has now taken what is generically termed ‘Availability Contracting’ a step further with the recent launch of their ‘Fridtjof Nansen’ class of frigates (Fig.6). The first major warship class to be purchased and partly manned under a PPP:

“The Fridtjof Nansen class remain the possessions of the builders, the Spanish shipbuilding giant IZAR” (Defence Management, 2006).



Fig.6. HNoMS Fridtjof Nansen (F310) is the Lead Ship of the Norwegian Fridtjof Nansen Class of Warships.

Moreover, when compared against the business model of the Royal Navy's River Class patrol ship, HMS Clyde:

“The main difference is in the greater extent of the contractors' involvement in crewing the [Norwegian] ships. Not only are the shipbuilders responsible for support and maintenance, but they also supply up to half of the mariners. Although the (UK's) River Class is large for a patrol vessel, the willingness of the RNoN to entrust fully-fledged warships to crews containing large numbers of contractors is a further development of the concept of Availability Contracting, which has not yet penetrated the British Royal Navy. Although the Royal Navy's commitment to Availability Contracting may now lag behind that of Norway, the River Class ships heralded a new level of Availability Contracting...and an evolution of the role private companies play...in...defence procurement” (Defence Management, 2006).

3.2.25 Private Royal Yacht

Alongside the arrival of major warship PPPs in Europe, in January 2012, the British government announced that it would “react favourably” to a new royal yacht being built solely with private funding (BBC News, 16 January 2012). Symbolic of the overall direction of UK naval sea power, the Future Ship Project for the 21st Century (FSP21) reportedly “involves building a ship 600ft long, to be used for trade and business events, as well as a training ship for 200 young people”. Its maintenance would be in part be paid “by fees from university students staying on the ship” (Guardian, 16 January 2012).

While Rear Admiral David Bawtree, who was reportedly behind the plan (Fig.7 below) confirmed that Mr Cameron wrote to him in October 2011 saying it was an “inspirational initiative that had his full support” (BBC News, 16 January 2012), the then Education Secretary, Michael Gove, was criticised for suggesting that it could be a potential gift to the Queen from the nation to mark her Diamond Jubilee:

“Downing Street emphasised that taxpayers’ money would not be used on any new royal yacht....There are scarce public resources. Therefore we do not think it would be appropriate to use public money at this time” (BBC News, 16 January 2012).

Opposed to state funding, the press nevertheless reported: “David Cameron has swung behind plans for a new, privately funded royal yacht that will double up as a university of the seas, and provide accommodation for royalty in the ship’s stern” (Guardian, 16 January 2012). While the £60m yacht has already found “£10m in backing from financial leaders in Canada and an unnamed £5m private donation” (Guardian, 16 January 2012), Downing Street confirmed, “discussions have been held with Portsmouth city council for the yacht to be berthed in the south coast port” (Guardian, 16 January 2012).

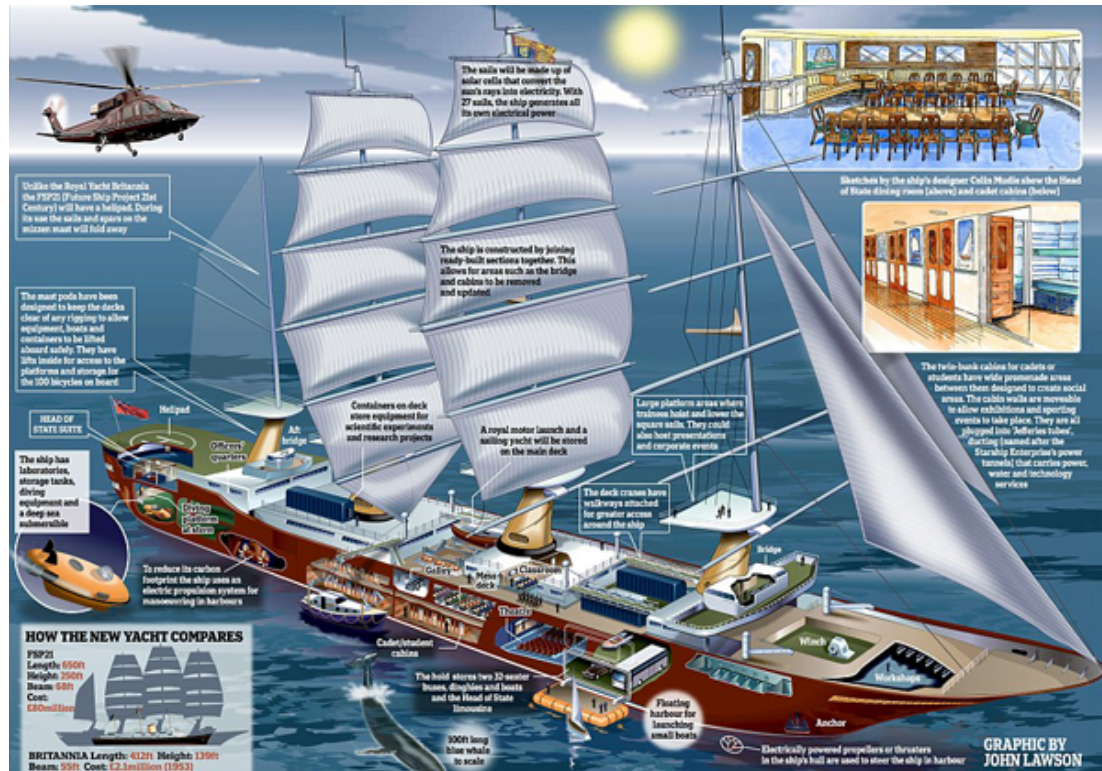


Fig.7. Artists impression of the Future Ship Project for the 21st Century

While the last royal yacht was decommissioned in 1997 on the grounds of cost, so the new proposals for a private ship have reportedly been met with the “enthusiastic backing of the Liberal Democrat controlled Portsmouth council” (Guardian, 16 January 2012).

3.2.26 Privatisation of HMS Victory

At the end of February 2012, it was announced that the Royal Navy was to sell its most historic and symbolically Weberian of warships as it requires substantial capital investment that the government can no longer afford. HMS Victory:

“...the 247-year-old vessel will become the responsibility of the National Museum of the Royal Navy – which must then raise funds for its upkeep...Victory costs around £2million a year to maintain – and needs a £16 million restoration including replacing rigging and timber” (Sun, 29 February 2012).

While the ship cannot currently be used in association with any advertising as it is still on the navy list and therefore technically part of the fleet: “It will remain the Second Sea Lord’s flagship after the transfer, and ratings will work its decks. But by off-loading it, the new “owners” can apply for funds from private donors and even ask for Lottery Fund money” (Sun, 29 February 2012). While one source was reported in the national press as saying “This will spark outrage. The bean-counters at the MoD are not interested in history, just the bottom line...” (Sun, 29 February 2012), former First Sea Lord, Admiral West concluded:

“It is inevitable she will be used for corporate events – but if we have to go this route to prevent her turning into a wreck, so be it” (Sun, 29 February 2012).

Significantly, an MoD spokesman concluded:

“We are considering options. Under consideration is how her future can be secured by responsible custodianship as befits such a national icon” (Sun, 29 February 2012).

3.2.27 Britain’s First Private Navy in 200 Years

At the beginning of 2013, it was reported that Britain’s first private navy in almost two centuries was to be created by a “group of businessmen to take on the Somali pirates who are terrorizing a 2.5m square mile expanse of the Indian Ocean” (The Sunday Times, 6 January 2013). According to the Sunday Times:

“Its armed vessels – including a 10,000-ton mother ship and high-speed armoured patrol boats – will be led by a former Royal Navy Commodore. He is recruiting 240 former marines and other sailors for the force. It will escort its first convoy of oil tankers, bulk carriers – and

possibly an occasional yacht – along the east coast of Africa in late March or April. (The Sunday Times, 6 January 2013)

Typhon, the company fronting the venture, is chaired by Simon Murray and was reportedly set up because “the Royal Navy, Nato and the European Union Naval Force don’t have enough vessels to patrol the area” (The Sunday Times, 6 January 2013). Providing an economic critique of the Royal Navy and the benefits of hollowing out the Weberian state in favour of ever more private sector governance, Typhon’s chief executive, Anthony Sharp, asserts: “Deploying a billion-pound warship against six guys [pirates] with \$500 of kit is not a very good use of the asset” (The Sunday Times, 6 January 2013). The fundamental problem of maximisation of naval sea power, whether for offensive, defensive, suppressive, protective or deterrent capabilities is one that Samuel Pepys was familiar with in the Royal Navy of 17th century. While according to John Cartner, no sovereign navy has ever come close to solving its challenges, he points out that tax funded fleets tend to end up losing “the cost side of the equation” (Cartner, 2013):

“Sovereigns have huge sums of money to spend on admiralty so cost becomes not the driving factor. Profit and capital to make profit do not view things that way. Cost is the driver in the commercial model” (Cartner, 2013).

No doubt mindful of these realities Typhon is a venture led by the large commodity business Glencore International plc. Illustrative of the differentiated and increasingly hollowed out environment in which the Royal Navy now finds itself, Sharp describes how the venture came about:

“I had the idea for Typhon while playing polo one afternoon, thinking about what my next business might be. I picked maritime security. Two years later we’re completing our funding round, acquiring our first vessel in weeks, and hope to be in theatre shortly after.” (Sibun, 6 January 2012)

Hoping to place 10 vessels at sea, he concludes:

“We’ll build this business over three years and sell it to someone like G4S or a US equivalent” (Sibun, 6 January 2012).

3.3 Conclusion: Relevance of Royal Navy Modernisation to New Public Management

An analysis of the Royal Navy’s path to ever-deeper forms of market reform reveals a previously unpublicised narrative concerning the evolution of UK naval sea power over the last thirty years. With the outsourcing, PPPs and/or privatisation of British Shipbuilders, Royal Naval Dockyards, the Royal Maritime Auxiliary Service, the Royal Fleet Auxiliary’s Point Class Vessels, the Falkland Islands patrol ship, HMS Clyde, Naval and Air Search and Rescue Services, a possible Royal Yacht, that most historic icon of the fleet, HMS Victory, and the proposal by Typhon to launch a ‘private fleet’ (not to mention the private sector’s involvement in key aspects of naval training, intelligence and security), so the Royal Navy finds itself once again in a differentiated and competitive world where, facing and arguably being a core part of an increasingly hollowed out state, capacities such private armed guards now protect UK merchant ships, and elsewhere in Europe, major warship PPPs (including the provision of major elements of crews) has already become a reality.

As is clear from the analytical framework presented earlier and this history, between 1981 and 2013, the ‘spear’ of British naval sea power has become increasingly reliant on private sector investment, expertise and discourse (see Table 1 below). Echoing seventeenth, eighteenth and early nineteenth century forms of differentiated political economy and all the attendant complexities of governance, accountability and outcomes that such a world brings (see Chapter II), it is to the fundamental question concerning the evolutionary path of naval sea power and the core state that the empirical research at the heart of this thesis attends.

Nationalisation	Outsourcing	PPPs	Privatisation
Tax Funded Monopoly Spear	State contracts Private Building and Support of the Spear	Joint Commissioning Design, Building Financing and Operating the Spear	Privately Funded Market Spear
2013			
-----Typhon Private Fleet			
-----Major Warship PPP			
-----Air Sea and Rescue PPP			
-----Private Armed Guards Protect UK Ships			
-----RFA PPP			
-----HMS Clyde CLS PPP			
-----Defence Logistics Organisation			
-----Astute Class Nuclear Submarine Training			
-----Royal Maritime Auxiliary Service and Serco			
-----DERA			
-----Royal Navy Dockyards			
-----Rolls Royce			
-----Royal Ordnance			
-----British Shipbuilders			
1981			

Table 1. Shifting Political Economy of the ‘Spear’ of Modern British Naval Sea Power.

For in asking the question, ‘how do influential agents in and around Weber’s nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management Theory?’, the study aims to analyse boundaries of discourse that, according to Weber, inherently undermine the state’s ‘quintessential function and signifier of being’. The broad evolutionary ‘paths’, ‘punctuations’ and ‘cycles’ of the British naval sea

power are important because they not only highlight the shifting sands of public management, administration and governance but, crucially, the private and/or public production of force and violence.

Ultimately, Royal Navy modernisation is important to NPM and public administration because it facilitates a surfacing of temporal and attitudinal boundaries that are often overlooked by a body of knowledge primarily concerned with the 'given', the 'now' and a seemingly timeless 'future'. Whilst since 1979, government policy has arguably fragmented service delivery and shifted control from front-line, top-down, bureaucracies to diffuse networks that span the public, private and voluntary sectors, so the shift from government to governance, and from bureaucracy to diffuse networks in and around civil and commercial society becomes clear. In a drive to deliver greater efficiency, large swathes of the 'core state' concerned with the production of force and violence has not only embraced numerous and significant market based reforms but, in the context of the debate surrounding the hollowing out of the state, has arguably even increased the potential risks of looming and unintended policy problems (Rhodes, 1994) as a result of ever increasing fragmentation and complexity. Increasingly non-accountable to the nation-state but instead a disparate array of stakeholders cited internationally and in civil and commercial society, the policy networks of governance appear to become ever more self-organising, autonomous and replicating. With the nation state no longer occupying a preeminently unitary and simplistically sovereign role, twenty-first century Britain increasingly resembles a complex maze of institutions with varying degrees of functional autonomy even in those areas concerned with the core production and management of force and violence.

While it is not within the purview of this thesis to pronounce on whether market-oriented arrangements will ever develop into anything resembling a full-blown market (however defined) in naval sea power, it is nevertheless important to analyse the ideas and writings of a collection of authors who have long considered such a world. Often overlooked by scholars more concerned with the recent past and short-term future, it is to this body of

knowledge that the next chapter attends. For in informing an ideal type perspective on 'free markets in naval defence and security', the literature aids the construction of a theoretically oppositional political economy to that of Weber's monopoly nation-state. Building further on the framework of the compass of political economy presented earlier, the chapter argues that when it comes to the research, it is only when an 'ideal type' opposite has been constructed concerning concepts of legitimate force in political economy that robust strands of ideation can be analysed. The chapter makes the point that it is only by comparing and contrasting elite opinions towards 'ideal type' market and state models that the real boundaries of discourse surrounding contemporary perspectives on legitimacy and governance in political economy can be researched.

Chapter IV
Literature Review for 'Ideal Type' Legitimacy in the
Supply of Force and Violence:
Relevance of the Libertarian and State Paradigms in Research on the
Political Economy of Naval Sea Power, Defence and Security

Whilst it is not within the remit of this study to suggest market-oriented arrangements could develop into a full-blown market (however defined) in naval sea power, it is nevertheless methodologically important to review the ideas and writings of a collection of authors who have long promoted a world in which states are proactively hollowed out only to be replaced by societies based on idealised free markets. Informing an ideal type construct on markets in naval defence and security, their literature aids the development of a theoretically oppositional political economy to that of Weber's nation-state monopoly and the world of 'government'. Building on the framework of the compass of political economy presented earlier (Chapter III), this chapter asserts that in terms of the research, it is only when an 'ideal type' opposite has been constructed concerning concepts of legitimated force and violence in political economy that robust strands of ideation can be analysed. The chapter makes the point that it is only by comparing and contrasting elite opinions towards 'ideal type' NPM-market and an ideal type PA-state that the real boundaries of elite discourse surrounding contemporary perspectives on political economy, governance and legitimacy can be researched.

Presenting an ideational framework in which to contextualise modern Royal Navy outsourcing, partnerships and privatisation, the chapter explores the ideas and work of Gustave de Molinari, Herbert Spencer, Auberon Hebert, P. E. De Puydt, Benjamin Tucker, Murray Rothbard, David Friedman, Bruce L. Benson, Hans-Hermann Hoppe, Brian Micklethwait and Ian Whitehouse. Providing an analysis of those authors who have long expounded private market provision in defence, security and naval sea power, it brings together for the first time, a body of knowledge that not only represents historic forms of discourse on the private production of force and violence, but, when it

comes to the problematic dimensions of time, economic complexity and socio-political power, juxtaposes and contributes conceptually to the research and data presented in Chapters V and VI.

4.1 Relevance of the Compass of Political Economy to the 'Ideal Type' Literature on Private Defence, Security and Naval Sea Power

It is of some historical curiosity and significance that the Conservative Party manifesto at the 1979 general election never mentioned the word 'privatisation' or the idea of 'outsourcing' any services to the private sector. Instead, it argued: "Our country's relative decline is not inevitable. We in the Conservative Party think we can reverse it, not because we think we have all the answers but because we think we have the one answer that matters most. We want to work with the grain of human nature, helping people to help themselves – and others. This is the way to restore that self-reliance and self-confidence which are the basis of personal responsibility and national success" (Conservative Party, 1979: 3). Under the heading, '*Improving our Defences*', the manifesto continued:

"In recent times our armed forces have had to deal with a wide variety of national emergencies. They have responded magnificently despite government neglect and a severe shortage of manpower and equipment. We will give our servicemen decent living conditions, bring their pay up to full comparability with their civilian counterparts immediately and keep it there. In addition, we must maintain the efficiency of our reserve forces. We will improve their equipment, too, and hope to increase their strength." (Conservative Party, 1979: 18)

Away from political manifestos, since the late 1940s an influential and growing circle of economists and academics had been developing ideas and institutions that sought to counter what they perceived to be the twentieth century trend towards ever-larger government. While in 1947 Friedrich Hayek set up his influential international network, the Mont Pelerin Society (Cockett,

1994: 100), in 1955, its UK arm, the Institute of Economic Affairs (IEA) was established in London (Cockett, 1994: 122-158). An independent think tank, dedicated to the promotion of classical liberal economics, by the early 1960s the IEA was championing publications on private enterprise, de-regulation and alternatives to nationalisation and the welfare state. Throughout the 1960s and 1970s the ideas and influence of the IEA permeated British political consciousness not least through academia, the media and a growing network of market-oriented parliamentarians usually associated with the Conservative Party (Denham, 1998).

From the mid-1960s onwards a new generation of free marketer started to propagate a range of radical alternatives to the traditional paradigm of public administration and 'government'. In 1967, Chris Tame established the UK's free market and civil liberties think tank, Libertarian Alliance (Committee of the Libertarian Alliance, 1981). Currently, boasting more than 800 publications, it champions a world of privately produced defence, security and law (Bell, 1991; Tame, 1989; Micklethwait, 1987). Then in 1974, Sir Keith Joseph and Margaret Thatcher supported the establishment of the Centre for Policy Studies (CPS) (Cockett, 1994: 234-240) which exists to "roll back the state and reform public services". Finally, in 1977, Madsen Pirie and Eamonn Butler established the Adam Smith Institute (ASI). Headquartered in London and named after the founder of classical liberal economics it boasts more than 300 of its major policy ideas have been enacted by the UK government. A pioneer of privatisation and outsourcing (Pirie, 2012), the ASI's President asserts: "We propose things which people regard as being on the edge of lunacy. The next thing you know, they're on the edge of policy." (Rushbridger, 1987)

In the ASI's 1991 paper, *An Arresting Idea: The Management of Police Services in Modern Britain*, the institute stated: "In analysing the organisational structure of the police, the report makes a number of recommendations which, if implemented, would provide a more sophisticated and responsive service for citizens in today's community" (Evans, 1991: 4). Noting, "within the last two centuries there have been many examples of

successful non-state policing arrangements” (Evans, 1991: 4) the report continued:

“Removed from the constant need to maintain a competitive edge which spurs the private sector, the police has found itself undermined by the same problems of other state monopolies; high and rising costs, top-heavy bureaucracy, a lack of flexibility, and a propensity to favour ever-greater increments in manpower. New working practices and methods are slow to be implemented because of the inherent conservatism of the structure: the service’s monopoly status removes the incentive to respond to the new challenges and demands made by society.” (Evans, 1991: 12)

Suggesting a much greater role for an expanded private security sector the report continued: “New structures must be sought, which allow for greater service evaluation, improved efficiency and a more flexible response to the increasing market demand for choice” (Evans, 1991: 5). It concluded:

“While the presence of the uniformed bobby on the beat has an intangible significance that cannot be over-stated, this fact all too often simply serves to engender the belief that law enforcement can only be a state-funded public good. However, most formal policing involves specific victims, criminals, clients and beneficiaries, and this shows how the introduction of specific user charges could promote an important and positive shift in law enforcement provision.

“While the user-pays principle is most visible in the United States, its success is based upon the fact that it allows us to determine not only where the genuine demand for policing lies, but, also the intensity of that demand. Moreover, the value that customers attribute to a service at any given time often compels service providers to experiment with innovative ways in which to allocate resources.” (Evans, 1991: 37)

In the UK, ever since the mid-1970s disparate networks of think-tanks have promoted a wide range of free market policies and in some instances the idea of markets and governance without the state (Evans, 1996). It is through this institutional nexus and its allies in academia, politics and the media, that supply side reforms have been most vigorously promoted. As Richard Cockett asserted in his book, *Thinking the Unthinkable: Think Tanks and the Economic Counter-Revolution 1931-1983*:

“The importance of the ‘think tanks’ to the revival of economic liberalism has demonstrated the inflexibility of Party research organisations, and their congenital inability to develop new ideas or even to ‘think’ at all: bodies like the Conservative Research Department contributed almost nothing to the break-through of economic liberalism in the Conservative Party. The record of the universities has been almost as disappointing, for outside individual departments such as the economics department of the LSE and Liverpool University, or the Manchester University Inflation Workshop, there was little coherent or sustained contribution to the growth of economic liberal ideas in the post-war decades. The IEA, the CPS and the ASI thus filled the policy and ideological vacuums left by the traditional sources of political and economic thinking.” (Cockett, 1994: 324-325)

For more than thirty years a collection of economic reforms have been introduced by all UK governments which have seen the privatisation, outsourcing, agencification and/or marketisation of a wide range of organisations (Seymour, 2012) outside of defence, security and naval sea power (see Table 2 below for a selection of non-defence privatisations).

British Telecom
British Steel
British Gas
British Airways
British Airports Authority
British Petroleum
British Rail
Cable and Wireless
British Leyland (sold in a range of separate divisions that included Rover Group, Jaguar, Leyland Trucks, Leyland Bus, Unipart, and Alvis)
The Water industry of England and Wales
The Electricity industry
British Coal
The Air Traffic Control system,
More than two million council homes (sold to their tenants)
Her Majesty's Stationery Office
British Technology Group
National Bus Company
Scottish Bus Group
Post Office

Table 2. Selection of UK Privatisations.

While philosophical, political, economic and institutional drivers of change are always entwined in a complex web of thought and action, change over the last thirty years has clearly emerged from a broad conjuncture of ideological and practical considerations (Denham, 1998). However, in terms of the compass of political economy and discourse surrounding Royal Navy nationalisation, outsourcing, PPPs and privatisation, the overall direction of travel is clear. Presented in Table 3 (below), the 'spear of force and violence' is increasingly moving away from the legitimacy of Weber's monopoly state and the era of 'government', to engage ever more deeply the libertarian and individualist quartile of the compass. For good or for ill, driven by ideology and/or the necessities of governance, differentiation and semi-autonomous networks, this is an important reality associated with varying degrees of hollowing out of the state. With private ship owners now able to employ their own private armed guards and serious businesses publically declaring an interest in the establishment of private naval fleets, the boundaries of discourse has already strayed into political and economic terrain that is technically minarchist and/or

anarcho-capitalist in outlook (Long, 2008). It is a world that conjures up increasing images of governance without the Weberian state and ‘government’.



Table 3. Shifting Political Economy of the ‘Spear’ of Modern British Naval Sea Power.

While contemporary literature portraying a positive image of PMFs and the world of private militaries is limited, most of the work that does exist is merely written by people already from or close to the PMF sector. For example, Colonel Gerald Schumacher’s (Ret) ‘A Bloody Business’, describes an incident involving a U.S. sergeant who attributed her PMF provided training, as the reason she not only survived an ambush but was also able to cause such significant harm to the enemy that she became the first female awarded

the US 'Silver Star' (Schumacher, 2006: 166). While such works offer powerful insights into the work and practice of PMFs, there is no theoretical analysis of the positive impact a privatised sector might contribute in the areas of governance and legitimacy. For this we have to look way beyond the NPM and PMF paradigms and instead turn to a body of knowledge rooted in the classical liberal literature of free market libertarianism.

In searching for literature to aid the methodological development of an ideal type construct (Weber, 1904/1949: 90) on the private market production of naval sea power, defence and security, only free market libertarianism, rooted in the Austrian School of Economics (Barry, 1986), provides a body of knowledge that effectively stands in opposition to Weber's state monopoly.

As a conceptual tool, an ideal type approach is important to escape from the individualising and particularising approaches of German *Geisteswissenschaft* and historicism. While no scientific system can ever reproduce the full spectrum of concrete reality, or conceptually capture the infinite diversity of particular phenomena, scientific research demands selection as well as abstraction. For the purposes of this research, an ideal type is a useful analytical construct that serves as a measuring rod to ascertain similarities as well as deviations. Fundamentally, it provides the basic method for comparative study:

"An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct" (Coser, 1977: 223-224).

For this study, an ideal type is not meant to refer to moral ideals or involve an accentuation of typical courses of conduct. Instead, it enables the construction of hypotheses which link to the conditions that brought a phenomena or event into prominence and with the consequences that follow from its emergence.

Never corresponding to concrete reality but always one step removed, an ideal type is constructed from key elements of reality that form a logically precise and coherent whole but which can never be found in that reality. As Julien Freund puts it: "Being unreal, the ideal type has the merit of offering us a conceptual device with which we can measure real development and clarify the most important elements of empirical reality." (Coser, 1977: 223-224)

Building on the compass of political economy and the 'spear', it is only by comparing and contrasting elite opinions towards 'ideal type' market and state models, that genuine boundaries of discourse surrounding contemporary perspectives on governance and legitimacy in political economy can be researched. The libertarian paradigm is important because in providing a methodological basis for comparison, it also serves to highlight NPM's limitations when it comes to the dimensions of time, property rights and power: examined later in Chapters V and VI.

4.2 Literature Review for an 'Ideal Type' Construct on the Private Market Production of Naval Sea Power, Defence and Security

To the Austrian school economist there is no such thing as a public (non-excludable, non-rivalrous) good that cannot be provided by a market, providing there is genuine demand. However, for a market to be meaningful it has to rest on private property rights and, ultimately, even the private production and enforcement of law. Long before modern discourse concerning NPM, governance, Royal Navy modernisation and the hollowing out of the state, scholars and writers associated with the Austrian school considered a private market in defence and security. It is to this material that this study now briefly turns.

Gustave de Molinari was born in Belgium in the early nineteenth century (Rothbard, 1995: 453-455). A leading economist who defended the principles of peace, free trade, freedom of speech and voluntary association, he provides an important literary entry point into the world of 'ideal type' markets,

because he was the first person in the history of economic thought to promote the idea of free markets in defence and security (Tame, 2004: 1):

“Molinari was one of the most important figures of his time. Born in Belgium, and residing in both France as well as in his homeland, Molinari’s prolific works expounded some of the most acute and perceptive analysis of his time – in economics, in class analysis, and in the theory of war and the state. Most notable was his exposition, the first academic one, of the position that all services – including law and protection – could be provided by the market.” (Tame, 2004: 1).

Laissez-faire thinking was at its most dominant amongst the French economists of the nineteenth century. Starting with Jean-Baptiste Say (Say, 1803, 1885) and ending with Charles Comte and Charles Dunoyer (Hart, 1994) at the beginning of the twentieth century, for more than one hundred years radical free market economists had dominated the country’s professional economic society, *Societe d’Economie Politique*, and its Paris based journal the *Journal des Economistes*. By far the most radical thinker in the group, Molinari did not base his argumentation on a moral opposition to the state. Instead, he tried to use the logic of laissez-faire economics to answer the fundamental question: “If the free market can and should supply all other goods and services, why not also the services of protection?” (Rothbard, 1977) In his initial article, ‘*De la production de la securite*’, published in 1849 (first translated into English in 1977) the young Molinari wrote:

“The monopoly of government is no better than any other. One does not govern well and, especially not cheaply, when one has no competition to fear, when the ruled are deprived of the right of freely choosing their rulers. Grant a grocer the exclusive right to supply a neighbourhood, prevent the inhabitants of this neighbourhood from buying any goods from other grocers in the vicinity, or even from supplying their own groceries, and you will see what detestable rubbish the privileged grocer will end up selling and at what prices! You will see

how he will grow rich at the expense of the unfortunate consumers, what royal pomp he will display for the greater glory of the neighbourhood. Well! What is true for the lowliest services is no less true for the loftiest. The monopoly of government is worth no more than that of a grocer's shop. The production of security inevitably becomes costly and bad when it is organized as a monopoly. It is in the monopoly of security that lies the principle cause of wars which have laid waste humanity." (McCulloch, 1977).

Molinari refused to accept any deviations from the law of open competition, regulation without the state and free markets. All monopolies are "necessarily by force" and therefore abhorrent to those who wish to see force reduced to a minimum in human affairs: "War is the necessary, inevitable consequence of a monopoly of security...[and] this monopoly must give birth to all others" (Molinari, 1849a: 282). For Molinari, the monopoly of the use of force by the state is the means by which other monopolies are perpetuated. Away from Weber, legitimate authority is based on the idea of consent and authority arises naturally from society:

"A natural instinct teaches men that their person, that land which they occupy and cultivate, and the fruits of their labour are their property and that no one other than themselves has the right to dispose of it or even touch it." (Molinari, 1849a: 288).

It is from this natural impulse that an "industry which prevents and represses these abusive aggressions of force and fraud" (Molinari, 1849a: 288) arises. Molinari believed that in a market society, individuals and groups would have the necessary incentives and encouragement to form businesses that would actively seek customers willing to pay for the protection of life, liberty and property. Because property ownership is a natural product of man's instinct he believed people would pay for protection. Moreover, he believed that before customers entered into an agreement with a private defence company a critical mass would adhere to the following process. Providing an overview of Molinari's position David Hart explains that a customer:

“...would determine whether the producer of security had the ability to provide the services wanted by consumers; he would seek guarantees that the business was reputable and that it would not aggress against him instead of defending him against aggression; he would examine the offers of other defence agencies to see whether they offered the same service at a better price or whether they offered a better service at the same price.” (Hart, 2004: 32).

Molinari's economics introduced the idea of customers paying for protection services by individually contracting with what are essentially insurance companies. Their terms would invariably include such conditions:

“...to guarantee to consumers complete security for their persons and property and, in case of damage, to pay them an amount proportional to the loss suffered. That the producer would establish certain penalties for offences against persons and property and that consumers would agree to submit to these same penalties if they were to commit some crime against persons or property. That they would impose certain constraints upon their consumers to facilitate the discovery of wrongdoers. That, to cover the costs of their production and the natural profit of their industry, they regularly charge a premium which arises according to the condition of the consumer, his occupation, and the extent, value and nature of his property.” (Molinari, 1849a: 288).

Molinari believed that the laws of political economy could be applied to the management of the fullest range of functions traditionally provided by the state. As such, he opposed the state's monopoly in policing, roads, street lighting, refuse collection, sewerage and education. Arguing that companies competing in an open market would better supply defence, he believed that 'proprietary communities' would gradually replace the 'leviathan state'.

In the same year, 1849, Molinari published a further explication of his radical new perspective in the book, *Les Soirees de la Rue Saint-Lazare* (Molinari,

1849b). Written as a series of fictional dialogues between a Conservative (defending state monopoly privileges and tariffs barriers), a Socialist (seeking justice) and an Economist (himself), he presented what he argued was the *a priori* logic of private military companies in a free market. Significantly, he stated:

“What would the companies' interest be? It would be to drive back the invaders because they would be the first victims of invasion. They would therefore cooperate in repelling them and would ask their clients for a supplementary premium to protect them from this new danger. If those insured preferred to run the risks of invasion, they would refuse to pay this supplementary premium; otherwise they would pay it, and thus they would enable the companies to ward off the danger of the invasion.” (Molinari, 1849b).

Molinari continued:

“But just as war is inevitable under a regime of monopoly, peace is inevitable under a regime of free government. Under this regime, governments can win nothing by war, they can, on the contrary, lose everything. What interest would they have in undertaking a war? Would it be to increase the number of their clientele? But since the consumers of security are free to govern themselves as they wish, they would get away from the conquerors. If the latter wanted to impose their rule on them, after having destroyed the existing government, the oppressed would immediately call for the help of all people. ...The wars of company against company, moreover, would occur only as long as the shareholders wished to advance the costs. As war is now no longer able to bring anyone an increase in clientele since the consumers would no longer allow themselves to be conquered, the costs of war would obviously no longer be covered. Then who would want to advance them?” (Molinari, 1849b).

Unlike the monopoly of the state which forces people to pay for protection through taxation, Molinari asserts that contracts freely entered into with a private defence company would be voluntary and without the use or threat of force. As with any other businesses in a differentiated market, consumers would have the right to use a defence company or choose another:

“If the conditions necessary for the exercise of this industry are agreeable to consumers, the transaction will occur; if not, consumers will do with out security or go to another producer.” (Molinari, 1849a: 288).

Similarly, if the defence company raises its prices too far or fails to deliver an efficient and high quality service, the disappointed consumers:

“Will always have the ability to give their business to a new or competing entrepreneur.” (Molinari, 1849a: 289).

Molinari believed that with an end to statism and through a totally hollowed out and privatised state society would be without a centralising force that could direct and control. With no ‘broker of privilege and monopoly’ there would be no need for war. Summing up the logic of Molinari’s position David Hart concludes:

“War is an activity that takes place between states, with their organised armies, conscripted troops, and tax-supported military expenditures...War in fact would become unprofitable because no agency would want to risk the heavy insurance payments that the destruction of property in a war would cause. If a renegade defence agency tried to seek a monopoly, and thus become a state, the consumers would have to conquer each separate company that was in the protection industry. Whereas in warfare between states, the take-over of a nation can be accomplished by seizing a single institution, any attempt to monopolize competing protection companies would be prohibitively expensive. The consumers would benefit from the fact that

the security industry was decentralized because it would be more responsible to local and individual needs and because this decentralization would be a considerable barrier to any attempt to re-establish the state. Complete liberty to compete in the protection industry would be the precondition for peace and when this has been achieved the condition of the different members of society would be the best possible.” (Hart, 2004: 34).

Nearly four decades on from his initial writings, Molinari wrote in 1887 *Les Lois Naturelles de l'Economie Politique* (Molinari, 1887). Still a firm believer in a highly competitive market for all goods and services he continued to promote the basic idea of private defence companies and governance without the state. A couple of years after Molinari had first proposed his theory in his 1849 ‘Production of Security’, the English political philosopher Herbert Spencer also took free market thought to another possible conclusion. In his book *Social Statics* (Spencer, 1851), Spencer argued that the state was not an inevitable or essential institution. Believing that as society progressed the state would become smaller and finally lapse into ‘decay’ he thought that voluntary market organisations would replace its institutions. Pre-dating Rhode’s (1994) idea of the hollowed out state by nearly 150 years, Spencer wrote that this evolution was:

“Towards a complete development and a more unmixed good, subordinating in its universality all petty irregularities and fallings back, as the curative of the earth subordinates mountains and valleys.” (Spencer, 1970: 236).

Spencer advocated the legitimate right of individuals to refuse to pay taxes to government for the protection of life and property. He wrote: “...if consistently maintained, [this] implies a right to ignore the state entirely.” (Spencer, 1970, p. 197). If the state refused to recognise the individual’s right to peacefully withdraw their payment of taxes then Spencer argued, “...its action must be essentially criminal.” (Spencer, 1970: 189) For Spencer, the alternative to the monopoly state society was the creation of a “mutual-safety confederation”

(Spencer, 1970: 185) that would provide protection to all who voluntarily paid it “taxes”. However, those who chose to opt out would remain free to make their own private arrangements. While there is no evidence to suggest that Spencer was aware of Molinari’s work, he nevertheless suggested that a voluntary defence organisation would be organised along essentially business lines:

“If, as it was shown, every man has a right to secede from the state, and if, as a consequence, the state must be regarded as a body of men voluntarily associated, there remains nothing to distinguish it in the abstract from any other incorporated body.” (Spencer, 1970: 224).

Spencer went on to argue that this voluntary defence organisation was a form of “mutual assurance”, “insurance” and even a “joint-stock protection society...guaranteeing the rights of its members” (Spencer, 1970: 241-247). Another writer who followed a similar path was one of Spencer’s students. In 1885, Auberon Herbert wrote:

“The necessary deductions from the great principle that a man has inalienable rights over himself, over his own faculties and possessions – and those, who having once accepted this principle, who having once offered their allegiance to liberty, are prepared to follow her frankly and faithfully wherever she leads, will find, unless I am mistaken, that they are irresistibly drawn step by step to the same or to very similar conclusions.” (Herbert, 1978: 176-177).

Like Molinari, Herbert argued that if the market was set free from the state: “Every want that we have will be satisfied by means of a voluntary combination.” (Herbert, 1978: 185). Extending Spencer’s ideas on a joint-stock protection society, Herbert argued that a system of insurance would develop by which “voluntary protective associations of every kind and form” would replace the monopoly of the uniform and coercive state. Again pre-dating and echoing early twenty-first century notions of policy networks and a highly differentiated polity, in this society:

“The state should compel no services and exact no payments by force, but should depend entirely upon voluntary services and voluntary payments...It should be free to conduct many useful undertakings....but that it should do so in competition with all voluntary agencies, without employment by force, independence on voluntary payments, and acting with the consent of those concerned, simply as their friend and their adviser.” (Herbert, 1978: 390).

Whilst Herbert's ideas are similar to Molinari's there is no evidence that Herbert was ever aware of his Molinari's work. One figure possibly influenced by Molinari was P. E. De Puydt although the evidence on this point remains inconclusive. Writing in 1860 De Puydt extolled the benefits of a system he called 'Panarchy'. Advocating a world of "governmental competition" he suggested that competing authorities should essentially become political churches, only to have jurisdiction over those individuals and 'congregations' who elected to become supporters. Disputes between these "governments" would be settled by international courts, and transcending geographical boundaries, individuals could defect from one church to another by registering their decision for a minor fee, with a "Bureau of Political Membership". He said of his "panacea":

“Everyone has the right to look after his own welfare as he sees fit, and to obtain security under his own conditions. On the other hand, this means progress through contest between governments forced to compete for followers. True, worldwide liberty is that which is not forced on anyone, being to each just what he wants....it neither suppresses nor deceives, and is always subject to a right of appeal. To bring about such a liberty, there would be no need to give up either national traditions or family ties, no need to learn to think in a new language, no need at all to cross rivers or seas, carrying the bones of one's ancestors. It is simply a matter of declaring before one's local political commission, for one to move from republic to monarchy, from representative government to autocracy, from oligarchy to democracy,

or even to Mr. Proudhon's anarchy, without so much as removing one's dressing gown and slippers." (De Puydt, 1975: 227).

While De Puydt's work is presciently descriptive of a globalised and digitalised future in which international travel, migration and real-time communication become commonplace, his work is predictably utopian in its quest for customers to transcend differentiated geographical, political and economic bounds in the areas of security, law and governance. It is in this world that the American individualist writer, Benjamin Tucker, was happy to call his own brand of laissez-faire liberalism a form of 'anarchism'. In the late nineteenth century he wrote: "The only true believers in laissez faire are the Anarchists" (Tucker, 1969: 371). Tucker was certainly familiar with Molinari's work and had reviewed some of it (Scatz, 1907: 514). He generally agreed with Molinari that the production and provision of defence was a tangible economic commodity that would be best supplied in a genuine market:

"Defence is a service like any other service; that it is labour both useful and desired, and therefore an economic commodity subject to the law of supply and demand; that in a free market this commodity would be furnished at the cost of production; that, competition prevailing, patronage would go to those who furnished the best article at the lowest price; that the production and sale of this commodity are now monopolized by the State; and that the State, like almost all monopolists, charges exorbitant prices;...and, finally, that the State exceeds all its fellow monopolists in the extent of its villainy because it enjoys the unique privilege of compelling all people to buy its product whether they want it or not." (Tucker, 1969: 32-33).

For most of the twentieth century free market libertarianism died out in France. However, in the United States of America it maintained a strong intellectual following particularly through the writings of Milton Friedman, Fredrich Hayek and with the rise to power in 1981 of President Ronald Reagan (Doherty, 2008). In 1974, Fredrich Hayek won the Nobel Prize for economics. Echoing Molinari, Spencer, Herbert, De Puydt and the later

debate concerning policy networks and differentiated polities, he asserted in 1979:

“Regional and local governments, limited by the same uniform laws with regard to the manner in which they could make their individual inhabitants contribute to their revenue, would develop into business-like corporations. They would compete with each other for citizens, who could “vote with their feet” for that corporation which offered the highest benefits compared with the price charged.” (Hayek, 1979).

For several observers, Murray Rothbard was the "central figure" in the American libertarian movement of the twentieth century (Miller, 1991; McElroy, 2000; Hamowy, 2008: 441). A prolific writer and a disciple of Hayek's tutor, Ludwig von Mises, he argued from a neo-Aristotelian natural-law perspective rejecting all forms of Weberian statism and tax funded governance. Criticising democracy, he states:

“...the identification of the State with society has been redoubled, until it is common to hear sentiments expressed which violate virtually every tenet of reason and common sense: such as ‘we are the government’. The useful collective term ‘we’ has enabled an ideological camouflage to be thrown over the reality of political life...If ‘we are the government,’ then anything a government does to an individual is not only just and un-tyrannical; it is also ‘voluntary’ on the part of the individual concerned...Under this reasoning, any Jews murdered by the Nazi government were not murdered; instead, they must have ‘committed suicide’, since they were the government (which was democratically chosen), and therefore anything the government did to them was voluntary on their part.” (Rothbard, 1965).

In Rothbard's book, *For a New Liberty* (Rothbard, 1973), a ‘libertarian manifesto’ is presented. It starts from the perspective that market economics do not emanate from the political left or the right. With libertarians believing conscription to be a form of mass slavery they stand foursquare with the ‘civil

liberties' left in supporting freedom of speech, assembly and the right to engage in such 'victimless crimes' as pornography, sexual deviation, and prostitution. On the other hand, because libertarians oppose the violation of property rights and government interference in the economic sphere, they are inextricably tied to a system of *laissez-faire* capitalism that is popularly associated with the 'political right'. In terms of political economy, Rothbard is a radical yet eclectic thinker. For he argues for nothing less than one global market, devoid of states and formal political institutions. A self-styled 'anarcho-capitalist', he rejects the institutions of mainstream democratic politics. For him, state services such as health and education are nothing more than a "middle class hoax" (Rothbard, 1973: 132-133). In the first chapter of his book *Power and Market: Government and the Economy*, (titled 'Defense Services on the Free Market'), Rothbard complains that: "...economists have almost invariably and paradoxically assumed that the market must be kept free by the use of invasive and unfree actions – in short by governmental institutions outside the market nexus" (Rothbard, 1970). Rothbard argues that one cannot fully analyse the property rights and exchange structures in a free market without first putting forward a theory of property rights, and of justice in property. Following the earlier ideas of Molinari, he states:

"A supply of defense services on the free market would mean maintaining the axiom of the free society, namely, that there would be no use of physical force except in defense against those using force to invade person or property. This would imply the complete absence of a State apparatus or government; for the State, unlike all other persons and institutions in society, acquires its revenue not by exchanges freely contracted, but by a system of unilateral coercion called "taxation".
(Rothbard, 1970).

Complaining that many other *laissez-faire* economists mistakenly conclude that defense services cannot be supplied by the market, he continues:

“Defense in the free society (including such defense services to person and property as police protection and judicial findings) would therefore have to be supplied by people or firms who (a) gained their revenue voluntarily rather than by coercion and (b) did not – as the State does – arrogate to themselves a compulsory monopoly of police or judicial protection. Only such libertarian provision of defense services would be consonant with a free market and a free society. Thus, defense firms would have to be as freely competitive and as non-coercive against non-invaders as are all other suppliers of goods and services on the free market. Defense services, like all other services, would be marketable and marketable only.” (Rothbard, 1970).

For Rothbard, most regular economists hold contradictory views because “they sanction and advocate massive invasion of property by the very agency (government) that is supposed to defend people against invasion!” (Rothbard, 1970). By supporting even a minimal state they propose a degree of seizure that undermines people’s property rights. Taxation facilitates a compulsory monopoly in defence services over “arbitrarily designated territorial areas” (Rothbard, 1970). To Rothbard, in attempting to redeem their position such commentators either argue that a free market in defence services could not exist or that those who value a forcible defence against violence would have to fall back on the state. This according to Rothbard: “despite its black historical record as the great engine of invasive violence” (Rothbard, 1970). For Rothbard, while a free market presupposes a system of property rights both in and of the person the state is not required to define and allocate the structure of such rights. Believing that a genuine free market society would require a specific and underpinning theory of property rights he believed that it would be rooted in “self ownership and the ownership of natural resources found and transformed by one’s labour”:

“Therefore, no State or similar agency contrary to the market is needed to define or allocate property rights. This can and will be done by the use of reason and through market processes themselves.” (Rothbard, 1970).

For Rothbard, another position holds that defence has to be supplied by the state because of its unique institutional status. Defence is viewed as being a necessary precondition of market activity: “a function without which a market economy could not exist” (Rothbard, 1970). Viewing such argumentation to be a *non sequitur*, he argues that this was the logic behind many economists who previously considered goods and services in terms of large classes. While modern economics stress that services must instead be considered in terms of marginal units, he argues:

“...all actions on the market are marginal. If we begin to treat whole classes instead of marginal units, we can discover a great myriad of necessary, indispensable goods and services all of which might be considered as “preconditions” of market activity. Is not land vital, or good for each participant, or clothing, or shelter? Can a market long exist without them? And what of paper, which has become a basic requisite of market activity in the complex modern economy? Must all these goods and services therefore be supplied by the State and the State only?” (Rothbard, 1970).

Noting that the institutional arrangements of a free market in defence could not be known in advance, “just as it would have been impossible fifty years ago to predict the exact structure of the television industry today” (Rothbard, 1970), Rothbard believed nevertheless it would be possible to explain some of the likely workings and principles of such a market. He thus stated:

“Most likely, such services would be sold on an advance subscription basis, with premiums paid regularly and services to be supplied on call. Many competitors would undoubtedly arise, each attempting, by earning a reputation for efficiency and probity, to win a consumer market for its services. Of, course, it is possible that in some areas a single agency would out compete all others, but this does not seem likely when we realize that there is no territorial monopoly and that efficient firms would be able to open branches in other geographical

areas. It seems likely, also, that supplies of police and judicial services would be provided by insurance companies, because it would be to their direct advantage to reduce the amount of crime as much as possible.” (Rothbard, 1970).

In a utopian and global market devoid of nation-states, one objection to competing defence agencies arises from the question of what happens if different people subscribe to different agencies? Assuming for the moment that defence companies include their own private law enforcement arrangements (police forces and courts), what would happen if Smith alleges that he has been assaulted by Jones yet Jones refutes the charge? In Rothbard’s libertarian world how would justice be dispensed? On this point he argues:

“Clearly, Smith will file charges against Jones and institute suit or trial proceedings in Y court system. Jones is invited to defend himself against the charges, although there can be no subpoena power, since any sort of force used against a man not yet convicted of a crime is itself an invasive and criminal act that could not be consonant with the free society we have been postulating. If Jones is declared innocent, or if he is declared guilty and consents to the finding, then there is no problem on this level, and the Y courts then institute a suitable measure of punishment” (Rothbard, 1970).

But what would happen if Jones actually challenges the initial finding?

“In that case, he can either take the case to his X court system, or take it directly to a privately competitive Appeals Court of a type that will undoubtedly spring up in abundance on the market to fill the great need for such tribunals. Probably there will be just a few Appeals Court systems, far fewer than the number of primary courts, and each of the lower courts will boast to its customers about being members of those Appeals Court systems noted for their efficiency and probity. The Appeals Court decision can then be taken by the society as binding.

Indeed, in the basic legal code of the free society, there probably would be enshrined some such clause as that the decision of any two courts will be considered binding, i.e., will be the point at which the court will be able to take action against the party adjudged guilty.” (Rothbard, 1970).

While every legal system demands a socially agreed cut-off point, that is, a point at which judicial procedure stops and punishment commences, Rothbard concludes:

“...a single monopoly court of ultimate decision-making need not be imposed and of course be in a free society; and a libertarian legal code might well have a two-court cut-off point, since there are always two contesting parties, the plaintiff and the defendant.” (Rothbard, 1970).

Perhaps the most common objection to the viability of a free market defence market stems from the question of what would happen if one or more of the companies turned their power to aggress against others? Given the complexities of human nature, it is unlikely that everyone would be born ‘good’. Offering a surprising yet direct response, Rothbard writes:

“Of course some of the private defense agencies will become criminal, just as some people become criminal now. But the point is that in a stateless society there would be no regular, legalized channel for crime and aggression, no government apparatus the control of which provides a secure monopoly for invasion of person and property. When a State exists, there does exist such a built-in-channel, namely, the coercive taxation power, and the compulsory monopoly of forcible protection. In the purely free-market society, a would-be criminal police or judiciary would find it very difficult to take power, since there would be no organized State apparatus to seize and use as the instrumentality of command.” (Rothbard, 1970).

Arguing that whilst there can be no guarantee that an anarcho-capitalist society would not fall prey to organised crime, Rothbard asserts that this would not only be highly unlikely but such pressures could seldom lead to the recreation of a state.

“To create such an instrumentality *de novo* is very difficult, and, indeed, almost impossible; historically, it took State rulers centuries to establish a functioning State apparatus. Furthermore, the purely free-market, stateless society would contain within itself a system of built-in “checks and balances” that would make it almost impossible for such organized crime to succeed. There has been much talk about “checks and balances” in the American system, but these can scarcely be considered checks at all, since every one of these institutions is an agency of the central government and eventually of the ruling party of that government.” (Rothbard, 1970).

For Rothbard, the concept of a strictly limited government is “truly Utopian” as it is “an idea that has never worked historically”:

“And understandably so, for the State’s built-in monopoly of aggression and inherent absence of free-market checks has enabled it to burst easily any bonds that well-meaning people have tried to place upon it.” (Rothbard, 1970).

Significantly, Rothbard argues that the competitive prices paid in a free market defence system would provide a great gain to society and consumers. Being vastly more cost effective and efficient than the state, he concludes:

“Thus, a truly free market is totally incompatible with the existence of a State, an institution that presumes to “defend” person and property by itself subsisting on the unilateral coercion against private property known as taxation. On the free market, defense against violence would be a service like any other, obtainable from freely competitive private organizations. Whatever problems remain in this area could easily be

solved in practice by the market process, that very process which has solved countless organizational problems of far greater intricacy” (Rothbard, 1970).

Over the last forty years another American scholar David Friedman has similarly argued for a free market in defence services. Author of the *The Machinery of Freedom* (Friedman, 1978), Friedman not only argues that state failure in defence is inevitable but that it will be a key future driver of an ever-expanding private sector:

“Protection from coercion is an economic good. It is presently sold in a variety of forms – Brinks guards, locks, burglar alarms. As the effectiveness of government police declines, these market substitutes for the police, like the market substitutes for the courts, become more popular.” (Friedman, 1978).

Friedman’s view that private arbitration, security and defence services will grow as tax funded governance and government failure mounts is influenced by public choice economics. Public choice theory attempts to analyse the political system by using the same approach by which mainstream economics analyses the free market (Buchanan, 1978). Crucially, it applies the techniques of economic analysis - monopoly, competition and information costs – to political and bureaucratic behaviour. It drops the traditional view that politicians and officials try to serve only ‘the public interest’ and more realistically assumes that, as elsewhere, they also try to serve their own interests by re-election and empire-building. From this perspective, the vote motive in politics is similar to the profit motive in business (Tullock, 1976). For Friedman, it is one thing to show there is something government and tax funded governance could do to improve on the outcomes of an unregulated market and another to show what taxation and politics would actually achieve:

“That would require a theory of governmental behaviour comparable in power and precision to the theory of market behaviour from which the original efficiency theorem and the inefficiencies due to failures of its

assumptions were derived. No widely accepted theory of that sort exists, and much of the large and growing literature that attempts to produce such a theory seems to suggest that government intervention is more likely to worsen than to improve market outcomes.” (Friedman, 1999: 7).

For Friedman, the important question is not whether the political market works under conditions of zero transaction costs and perfect information, for under those conditions the private market is also efficient. For him, the significant question is how badly each system breaks down when the assumptions are relaxed? On this point he states:

“Economic efficiency is a strong requirement for the outcome of any real world system of institutions, since an outcome is efficient only if it could not be improved by a bureaucrat god – a benevolent despot with perfect information and unlimited power over individual actions. While it may be seen as an upper bound on how well an economic system can work, one might think that using that bound to judge real systems is as appropriate as judging race cars by their ability to achieve their upper bound – the speed of light” (Friedman, 1999: 7).

Countering the claim that defence is too important to be left to the market Friedman retorts:

“My response would be that the market is, generally speaking, the best set of institutions we know of for producing and distributing things. The more important the good is, the stronger the argument for having it produced by the market.

“Both barbers and physicians are licensed; both professions have for decades used licensing to keep their numbers down and their salaries up. Government regulation of barbers makes haircuts more expensive; one result, presumably, is that we have fewer haircuts and longer hair. Government regulation of physicians makes medical care more expensive; one result, presumably, is that we have less medical

care and shorter lives. Given the choice of deregulating one profession or the other, I would choose the physicians.” (Friedman, 1999: 7).

As with other sectors such as education and healthcare, Friedman wants a completely de-monopolised and privately regulated global defence market. As a utopian looking for a world devoid of states and national borders he goes on to address the issue of how such ‘protection agencies’ might work in practice? On this he states:

“On the one extreme, they might limit themselves to passive defenses, installing elaborate locks and alarms. Or they might take no preventive action at all, but make great efforts to hunt down criminals guilty of crimes against their clients. They might maintain foot patrols or squad cars, like our present government police, or they might rely on electronic substitutes.” (Friedman, 1978).

He continues:

“In any case, they would be selling a service to their customers and would have a strong incentive to provide as high a quality of service as possible, at the lowest possible cost. It is reasonable to suppose that the quality of service would be higher and the cost lower than with the present governmental system.” (Friedman, 1978).

Exploring the specifics of the private generation of law and law enforcement, Friedman explores how conflicts could arise between one protective agency and another. Moreover, he also explains the process by which they would be resolved:

“I come home one night and find my television is missing. I immediately call my protection agency, Tannahelp Inc., to report the theft. They send an agent. He checks the automatic camera which Tannahelp, as part of their service, installed in my living room and discovers a picture of one Joe Bock lugging the television set out of the door. The

Tannahelp agent contacts Joe, informs him that Tannahelp has reason to believe he is in possession of my television set, and suggests he return it, along with an extra ten dollars to pay for Tannahelp's time and trouble in locating Joe. Joe replies that he has never seen my television set in his life and tells the Tannahelp agent to go to hell." (Friedman, 1978).

Continuing the scenario, Friedman writes:

"The agent points out that until Tannahelp is convinced there has been a mistake, he must proceed on the assumption that the television set is in my property. Six Tannahelp employees, all large and energetic, will be at Joe's door next morning to collect the set. Joe, in response, informs the agent that he also has a protection agency, Dawn Defense, and that his contract with them undoubtedly requires them to protect him if six goons try to break into his house and steal his television set." (Friedman, 1978).

While the stage seems set for battle between Tannahelp and Dawn Defence, such 'war' is prohibitively expensive. Because both organisations are profit-making corporations they will be more interested in saving money. As such:

"The Tannahelp agent calls up his opposite number at Dawn Defense. 'We've got a problem...' After explaining the situation, he points out that if Tannahelp sends six men and Dawn eight, there will be a fight. Someone might even get hurt. Whoever wins, by the time the conflict is over it will be expensive for both sides. They might even have to start paying their employees higher wages to make up for the risk. Then both firms will be forced to raise their rates. If they do, Murbard Ltd, an aggressive new firm which has been trying to get established in the area, will undercut their prices and steal their customers. There must be a better solution." (Friedman, 1978).

Friedman's *a priori* assumptions concerning a genuine market in defence and security lead him to the commercial world of private arbitration:

"The man from Tannahelp suggests that the better solution is arbitration. They will take the dispute over my television set to a reputable local arbitration firm. If the arbitrator decides that Joe is innocent, Tannahelp agrees to pay Joe and Dawn Defense an indemnity to make up for their time and trouble. If he is found guilty, Dawn Defense will accept the verdict; since the television set is not Joe's they have no obligation to protect him when the men from Tannahelp come to seize it." (Friedman, 1978).

For Friedman, once market institutions and governance are widely accepted, private protection agencies would draw up contracts that factored in industry wide dispute resolution mechanisms. Turning to the question of who in a market society would make law, on what basis private arbitrators would decide which acts were criminal, and on what basis punishments should be derived, Friedman is clear. He believes that systems of law and enforcement should be for profit and emerge in an open market of competing brands:

"In such a society there might be many courts and even legal systems. Each pair of protection agencies agree in advance on which court they will use in case of conflict. Thus the laws under which a particular case is decided are determined implicitly by advance agreement between the protection agencies whose customers are involved" (Friedman, 1978).

In outlining the incentives and workings of a market based, polycentric, legal system he continues:

"In principle, there could be a different court and a different set of laws for every pair of protection agencies. In practice, many agencies would probably find it convenient to patronize the same courts, and many courts might find it convenient to adopt identical, or nearly

identical, systems of law in order to simplify matters for their customers.” (Friedman, 1978).

Believing that the market would lead to much more efficient, effective and higher quality legal outcomes, Friedman reminds his readers that under the legal systems in which most people find themselves today the way they are judged essentially depends on the country, state and often the city in which they find themselves. Resonating strongly with the parallel themes of governance, differentiated polities and the debate surrounding the hollowing out of the state, Friedman argues that under a market based system courts and arbitration services would build stronger reputations and brands. In his utopia:

“A court supports itself by charging for the service of arbitrating disputes. Its success depends on its reputation for honesty, reliability, and promptness and on the desirability to potential customers of the particular set of laws it judges by. The immediate customers are protection agencies. But the protection agency is itself selling a product to its customers. Part of that product is the legal system, or systems, of the courts it patronizes and under which its customers will consequently be judged. Each protection agency will try to patronize those courts under whose legal system its customers would like to live.” (Friedman, 1978).

Further examining the likely structure and incentives of law enforcement under ‘anarcho-capitalism’ Friedman considers the complex and thorny issue of capital punishment:

“Some people might feel that the risk to themselves of being convicted, correctly or incorrectly, and executed for a capital crime outweighed any possible advantages of capital punishment. They would prefer, where possible, to patronize protection agencies that patronized courts that did not give capital punishment. Other citizens might feel that they would be safer from potential murderers if it was known that anyone

who murdered them would end up in the electric chair. They might consider that safety more important than the risk of ending up in the electric chair themselves or of being responsible for the death of an innocent accused of murder. They would, if possible, patronize agencies that patronized courts that did give capital punishment” (Friedman, 1978).

If one position or the other is universally dominant in the market then it might be that all protection agencies use the courts of one type or the other. If however, some people feel so strongly as to affect their choice of protection they might form a critical mass that is worth serving. Even relatively insignificant minorities might well construe a lucrative market well worth serving. However, what would happen in a dispute between an anti-capital-punishment agency and a pro-capital-punishment agency? In reply to this question Friedman asserts:

“We can each have our preferences reflected in the bargaining demands of our respective agencies. If the opponents of capital punishment feel more strongly than the proponents, the agencies will agree to no capital punishment; in exchange, the agencies that want capital punishment will get something else. Perhaps it will be agreed that they will not pay court costs or that some other disputed policy will go their way.” (Friedman, 1978).

Imagining an idealised bargaining process for this or any other dispute he concludes:

“Two agencies are negotiating whether to recognize a pro- or anti-capital punishment court. The pro agency calculates that getting a pro-capital-punishment court will be worth \$20,000 a year to its customers; that is the additional amount it can get for its services if they include a guarantee of capital punishment in case of disputes with the other agency. The anti-capital-punishment agency calculates a corresponding figure of \$40,000. It offers the pro agency \$30,000 a

year in exchange for accepting an anti-capital-punishment court. The pro agency accepts. Now the anti-capital-punishment agency can raise its rates enough to bring in an extra \$35,000. Its customers are happy, since the guarantee of no capital punishment is worth more than that. The agency is happy; it is getting an extra \$5,000 a year profit. The pro agency cuts its rates by an amount that costs it \$25,000 a year. This lets it keep its customers and even get more, since the savings are more than enough to make up to them for not getting the court of their choice. It, too, is making a \$5,000 a year profit on the transaction. As in any good trade, everyone wins” (Friedman, 1978).

While the British libertarian writer Paul Birch asserts, “wherever we find an ordered society we also find the state” (Birch, 1998: 2), he also argues that sovereignty is not necessarily vested in a single centralised authority. Echoing the discourse on governance and the realities of an increasingly differentiated polity, Birch concedes that when it comes to the idea of a fully hollowed out state, more often than not, authority and power:

“...is divided amongst rival factions. Courts religious, secular and royal; commercial guilds; trades unions; local councils; houses of parliament; lords spiritual and temporal; the civil service; the King; the Pope; the Emperor; all these and more claim the right to exercise coercive power; and almost always they attempt to usurp more power than is rightfully theirs.” (Birch, 1998: 2).

However, Birch argues that the broader the division of power:

“...the greater the total force available, the more that force is likely to be exercised for coercive ends, and the less the rule of law is likely to be recognised. The naïve notion that federation and the separation of powers reduces the propensity for state oppression is fallacious; *plurarchy* (by which I mean *plural rule* not rule by many) may sometimes reduce the scope for oppression by each branch of government, considered severally, yet by multiplying the functions and

divisions of the state it radically increases the potential for oppression overall. It is worse to be bullied by two gangs than by only one.” (Birch, 1998: 2).

While Birch acknowledges that under ‘anarcho-capitalism’ the defining characteristic of courts are that they are not coercively funded he nevertheless concedes that territoriality is a defining characteristic of any state court system:

“It is in this way that the world order of diverse nations deviates from our model of anarcho-capitalism. The world order is fundamentally territorial. Anarcho-capitalism is not.” (Birch, 1998: 2).

Significantly, Birch argues that under anarcho-capitalism a free market in courts would eventually lead to the establishment of territorial governance as defined by privately owned monopolies. As such, he believes that a genuine free market in enforcement, justice and courts would:

“...end up with one of two outcomes. Either a single court monopolises the entire territory; or the dominant court divides the territory into monopolistic domains. Intermediate and more complex arrangements along the same lines are also possible; such as where the most powerful court controls most of the territory, smaller but still powerful courts corner other large chunks, and the rest comprises the domains of the local courts. The point to note is that in each locality there obtains a monopoly; competition persists only along the domain boundaries.” (Birch, 1998: 3).

Echoing many elite concerns on monopoly highlighted in the research in Chapters V and VI (below), Birch asserts: “the key point is that there is a strong tendency for the anarcho-capitalist courts to become territorial” (Birch, 1998: 3). He continues:

“It is important to realise that the territorialisation of the courts, even though many courts continue to exist across the region, and even though there may be no single sovereign state, anarcho-capitalism is dead. Each domain defines a mini-state; within each domain, the court is king.” (Birch, 1998: 3).

Arguing that when taken to their extreme, privatisation and free markets totally hollow out the state to the point where they re-create their own territorial monopolies of private law and governance, Birch argues that the resulting institutional nexuses are ultimately dependent on local ideational and cultural factors:

“How will these mini-states behave? What will their political structure be? This depends upon the details of their emergence and the internal arrangements of the courts in question. A co-operatively owned court might create a commune, a church-court a theocracy, a privately owned court a monarchy, a joint stock court a republic. The dominant court might be controlled by businessmen, or lawyers, or policemen, or soldiers, or gangsters – or solid citizens. The court might be monolithic, or composite; its powers might be unitary, or divided. It might be pragmatic, or ideological. It might be honest, or corrupt. It might be in it for the money, or the power, or for the furtherance of justice.” (Birch, 1998: 3).

Noting that “this is not unlike a small-scale version of the world order”, (Birch, 1998: 3) Birch argues that there would nevertheless be two significant differences:

“In the first place, the boundaries between domains will not be well-defined; these are in essence not nation states but *city states*. Competition between courts will persist in the border zones, which will mostly consist of farmland, open countryside, small villages and market towns – but seldom if ever cities large enough to have their own dominant court. In the second place, the existence of a common

language means that other domains will not be considered foreign; it will be comparatively easy to migrate from one to another.” (Birch, 1998: 3).

In the United States of America the libertarian writer and Austrian school economist, Bruce L. Benson, has spent years examining the history, theory and reality of privately produced legal and law enforcement systems. In his seminal *The Enterprise of Law: Justice Without the State* (Benson, 1990), Benson argues that the modern reliance on the state to make and enforce law is not the historical norm.

“Public police forces were not imposed on the populace until the middle of the nineteenth century in the United States and Great Britain, for instance, and then only in the face of considerable citizen resistance.” (Benson, 1990: 2).

Noting the voluntary and commercial heritage of law production and enforcement he continues:

“The foundation of commercial law was developed by the European merchant community and enforced through merchant courts. To this day, international trade is “governed” to a large extent by merchants, as they make, arbitrate, and enforce their own law; and in the United States, at least 75 per cent of commercial disputes are settled through private arbitration or mediation with decisions based on business custom and practice (customary commercial law). Arbitration services, particularly for commercial disputes, have been increasingly used for some time, but the last few years have witnessed the development of a new industry – private for-profit courts competing with public courts for a wide spectrum of civil disputes.” (Benson, 1990: 2).

Noting the accelerating and world-wide trend away from Weberian state legitimacy and towards ‘justice without the state’, Benson points out that: “...there are now over twice as many private police as public police in the

United States, as citizens hire more and more watchmen, guards, and highly trained security experts.” (Benson, 1990: 2) As if he is following the prophetic warnings of government failure made by Molinari, Tucker, Rothbard and Friedman, Benson concludes by noting:

“Between 1964 and 1981, employment by private firms offering protective and detective services increased by 432.9 per cent, and the number of firms offering such services grew by 285.5 per cent over the same period.” (Benson, 1990: 2).

Since the early 1980s the private sector has grown even more substantially (Benson, 1998). Today, there are more than twenty million Americans living in privately policed gated communities and in the UK there are more than a thousand such communities (Atkinson & Flint, 2004: 9).

Another prolific Austrian school scholar is Hans-Hermann Hoppe (Hoppe, 1989, 1993, 1995). In his book, *Democracy: The God That Failed* (Hoppe, 2002a), Hoppe argues that democracy is a “de-civilising state” that has swept the world since the First World War. Initially comparing it with monarchy, which he likens to privately owned government, he argues that both systems must be de-legitimised for violating private property rights, individual liberty and human prosperity. In the book, *The Myth of National Defense* (2002b), Hoppe et al., argue for the total privatisation and individualisation of all defence services. He comments: “Though the implications of the arguments made in this volume are radical and sweeping, the principles are quite simple at root.” (Hoppe, 2002b) Stressing the authoritarian and empire building tendency of governments, he states: “Given the continued rise of the national-security state in our own time, the future of liberty itself may hinge on our willingness to push these principles to their fullest extent.” (Hoppe, 2002b).

Following the work of Murray Rothbard, for Hoppe a monopoly has no necessary relation to a market share or the concept of ‘dominance’. Instead, it relates to the lack of entry into a particular market place. For him monopolies cannot arise in a genuinely free market. Instead, they must always result from

state barriers of entry and exit. Hoppe shuns monopolies because they lead to higher prices for consumers and undermine quality. While mainstream economists might agree with such an analysis for everyday goods and services, Hoppe applies these principles to protection and justice. In his essay *The Private Production of Defence* (Hoppe, 1999) Hoppe argues that competing private insurance and defence agencies would deliver a higher quality of protection and dispute resolution than could ever exist under monopoly state control:

“Among the most popular and consequential beliefs of our age is the belief in collective security. Nothing less significant than the legitimacy of the modern state rests on this belief. And yet, the idea of a collective security is a myth that provides no justification for the modern state. Private-property owners, cooperation based on the division of labour, and market competition can and should provide defense from aggression” (Hoppe, 1999: 1).

For Hoppe, while the boundaries of natural disasters, such as volcanic eruptions or earthquakes are natural, political borders are unnatural man made entities. From this insight he invokes Austrian methodological individualism and argues that while natural disasters are somewhat indiscriminate, human aggression is usually calculated and rational. Invaders tend not to attack worthless locations.

“The borders of all valuable places and things are coextensive with the borders of all property. At any given point in time, every valuable place and thing is owned by someone; only worthless places and things are owned by no one.” (Hoppe, 1999: 9).

Hoppe contrasts a world of private defence and protection with the incentives and record of democratic states in the twentieth century. Arguing that democracy has aided a century of total democratic war, where great collective entities (national populations) are pitched as enemies against each other, he asserts:

“...the existence of a state does not just increase the frequency of aggression, it changes its entire character. The existence of states, and especially of democratic states, implies that aggression and defense – war – will tend to be transformed into total, indiscriminating war.”
(Hoppe, 1999: 10).

Hoppe is significant not least because he asks the question “how would a system of competitive insurance agencies deal with the existence of states and state aggression?” (Hoppe, 1999: 11). Arguing for a market based society in which people can insure against state aggression, he asserts a necessity for the regaining of the right to self-defence: “...whereas a tax-funded monopolist will manifest a tendency to raise the cost and price of protection, private profit-loss insurance agencies strive to reduce the cost of protection and thus bring about falling prices. At the same time insurance agencies are more interested than anyone else in rising property values, because this implies not only that their own property holdings appreciate but in particular that there will also be more of other people’s property for them to insure.” (Hoppe, 1999: 11). He concludes that in a genuine insurance market:

“...every neighbourhood would be described, and its risk assessed, in terms and in light of a multitude of crime indicators, such as the composition of sexes, age groups, races, nationalities, ethnicities, religions, languages, professions, and incomes.

“Consequently, and in distinct contrast to the present situation, all inter-local, regional, racial, national, ethnic, religious, and linguistic income and wealth redistribution would disappear, and a constant source of social conflict would be removed permanently.” (Hoppe, 1999: 12-13).

Whether any of these writings are practicable is irrelevant for the purpose of this thesis. In reviewing the writings of Hans-Hermann Hoppe, Gustave de Molinari, Herbert Spencer, Auberon Herbert, P. E. De Puydt, Benjamin Tucker, Murray Rothbard, David Friedman and Bruce L. Benson, this study is not

remotely concerned with how 'good' or 'bad' such ideas may be in terms of their veracity and argumentation. Instead, what matters here is this body of knowledge's methodological input in terms of constructing an ideal type 'libertarian NPM perspective' for the purposes of the research.

4.3 Modern British Free Market Libertarians

As Britain's most radical free market thinker in this area, Brian Micklethwait, published in 1987 a think tank paper called *Taking Free Market Defence Seriously*. In it he prophesised:

"Most likely is that libertarian ideas will continue to spread among libertarian enthusiasts, including ideas about libertarian defence, and that these enthusiasts will, in about twenty or thirty years time, gradually find themselves with bigger and better opportunities to try them out." (Micklethwait, 1987: 6).

As if predicting the privatised military world of MPRI and Halliburton mentioned in Chapter III (above), Micklethwait continued:

"Personally, I think that a global defence market leader probably will emerge, sometime during the next fifty years or so, at which point the benefits of global defence "compatibility" may then suddenly become available..." (Micklethwait, 1987: 8).

Significantly, Micklethwait described how he thought a market in defence and security arrangements would emerge. Arguing that it would develop incrementally he predicted:

"Surely what will happen is that once business enterprises have made a success of defending (which may or may not include "governing") one particular patch of territory, they will then be asked to apply – and will wish to apply – the same formula to other territories, as happens

now with successful department stores, restaurants, construction companies, holiday camp managers, and so on. Multinational corporations will arise, selling defence and/or “government” to different local groups. These enterprises will have proved themselves adept at grappling with all the complex pricing and service problems now assumed insoluble by the critics of free market defence, and they will want to cash in.” (Micklethwait, 1987: 8).

Like other authors mentioned above, Micklethwait believes that a free market in defence would be more efficient and effective than the highly statist alternatives of recent centuries. Likening different forms of defence to the development of personal computers he argues:

“Free market defence would not be the anarchic “Lebanese” shambles that most now predict, any more than free market personal computers have been. But nor would it be the rigid, cumbersome process that is presided over by the Pentagon, or NATO, or worst of all, the Kremlin. Like the personal computer industry, it would be rather complex, and rather imperfect and rather unsatisfactory, but would only be these things by its own much higher standards.

“If governments had totally run the personal computer industry, there would have been no complaints at all about the personal computer industry, but that is because there would have been no personal computer industry to complain about. I believe that the gap in quality between free market defence and the defence we have now would be similarly huge.” (Micklethwait, 1987: 9).

He continues:

“Free market defence would not only supply alliances; it would supply better alliances, and keep them up to the mark, updating them and improving them as customer pressure for new arrangements made itself felt. Governmental organisations are very difficult to alter, but in the market producer disruption is routine. If there are natural

monopolies, the free market is better at supplying them than governments, just as the free market supplies better carpets.”
(Micklethwait, 1987: 9).

Significantly, Micklethwait acknowledges that while conflict is bad for business, because it erodes capital and other forms of value, there has to be doubt as to whether a genuine and unfettered market would find war or peace a more attractive and profitable path. On this key point he echoes elite opinions in the research (Chapters V and VI below) by concluding with remarks that are somewhat reminiscent of the statist world that already exists. Just as war and peace depend today on the intentions of individuals he concludes:

“Meanwhile, the trouble with the theory that war is bad for business is that it is only bad for some kinds of business. It is very good for others. What will eventually settle the matter is how badly peace is wanted, and how determinedly and cleverly entrepreneurs are willing to work to provide it.” (Micklethwait, 1987: 11).

Commander Ian Whitehouse (Ret) spent twenty-two years in the Royal Navy. He specialised in submarines and commanded two boats, HMS Onyx and the nuclear powered HMS Sovereign. In July 2002 he published a paper in *The Naval Review* called: ‘*A Private Service: The Possible Privatisation of Britain’s Armed Forces*’. Republished by the Libertarian Alliance (Whitehouse, 2002b), Whitehouse not only proposed a more privatised future for the Royal Navy but he argued that given underlying trends in political economy reform should be extended well beyond dockyards.

Whitehouse begins his paper by invoking the Laffer Curve to argue that British government tax revenue has been roughly held at a culturally optimum level, which he believes currently to be some 40 per cent of GDP, for a quarter of a century. However, so as not to over tax the economy (and thereby cause capital flight) the British government (along with many others around the world) have pursued a huge array of privatisations and contracted out to the

private sector an ever wider range of functions. Mindful of globalisation, the rising psychology of consumerism and the built in inefficiencies of government, Whitehouse argues that as pressures continue to mount in those areas where government remains active (healthcare, social security, education, law enforcement and defence) so structural and electoral pressures will demand ever-greater market-oriented reform. Mindful of the budgetary pressures on the Royal Navy and Britain's other defence services Whitehouse believes that public private partnerships and privatisation will have to be extended in ways that would have seemed unimaginable when for example Micklethwait (above) wrote his paper in the late 1980s. Whitehouse starts with the questions "Is privatisation a step too far? Is it possible, desirable, inevitable?" (Whitehouse, 2002b: 3) He replies: "I believe it is certainly possible, it may well be desirable and if it's inevitable then the implications should be considered" (Whitehouse, 2002b: 3). Noting the economic underpinnings of most defence he asserts:

"A country, state or alliance will wish to have access to, and control over, the use of force but control does not necessarily mean ownership or management....Why shouldn't other entities, smaller than nations and governments, interested in the security of their future also fund or even take part in organising or directing the defence of their region?" (Whitehouse, 2002b: 3).

Exploring the incentives for private funding and strongly echoing the debate surrounding privatisation, governance, differentiated politics and the hollowing out of the state, Whitehouse muses:

"No.5 Tornado fighter squadron, based at RAF Coningsby, was designated for the air defence of London, but it's about to be scrapped in response to a funding crisis. Perhaps Lloyds of London should have been asked for support, or any one of many billion pound companies that see London, and its continued existence, as important and worth investing in. The squadron could easily have also provided defence for Paris, Birmingham, or Brussels from Coningsby; perhaps these cities

would be prepared to contribute to its continuing in service?” (Whitehouse, 2002b: 3).

Analysing the potential for differentiated networks of governance and personnel that oversee British naval and military forces, Whitehouse argues:

“The Chief of Defence Staff and his team are both the independent advisors to Government on defence and also the senior management team that manage and deploy the Armed Forces. However, they rely solely upon government funding for the continued existence of the units they control, if the funding mechanism were to change this independent advice would still be available and importantly would be perhaps even more independent. If they also had the ability to charge for services of the armed forces this might create greater freedoms, improved effectiveness and reduce constraints in key areas” (Whitehouse, 2002b: 3).

Asking whether the United Kingdom government should be the sole purchaser or supplier of defence services and how they should be more effectively costed, he retorts:

“Could the Treasury, through the Defence Budget, pay for the infrastructure by purchasing and maintaining ships, aircraft and tanks; paying enough to keep them and the staff in a state of readiness and training? Then, when a deployment was required, MoD staff would quote for the work - £10 million a day to prepare, rising to £15 million a day on sailing, £2 million for every missile fired, an extra £5 million a day for deployments lasting more than sixty days or south of the Equator, all travel expenses to be paid by the mile.” (Whitehouse, 2002b: 3-4).

Moving further down the road of market-oriented governance and differentiated polities, he continues:

“More intriguingly we might then perhaps start to question whether the UK government should be the sole purchaser of these new semi-independent sector Armed Forces, would the EU or the USA want to hire a naval detachment to protect and support a task force in the Mediterranean?” (Whitehouse, 2002b: 4).

Exploring practical ways in which a more commercialised and market-oriented approach to defence might impact, Whitehouse writes:

“Perhaps the Armed Forces would use a more flexible staffing system? Perhaps ship’s captains will advertise for crews as our forebears did in the 18th century, some experience necessary but not always. A bonus system is usual these days in business, maybe there’ll be a re-introduction of prize money and head money to reward captains, officers and crews for their private enterprise and zeal...” (Whitehouse, 2002b: 4).

Commenting on the private funding of the Royal Navy he says:

“An alternative model might involve certain aspects of the naval task group being hived off. I’m sure there are many ex-fisheries protection and small ships officers that would happily join a company run by retired Sea Training Staff. This company might also guarantee to manage mine clearance when needed, keeping their diving expertise up to scratch by selling services to the offshore oil industry.” (Whitehouse, 2002b: 4).

Asking the question “who else would this private navy sell its services to?” he responds:

“I think fishing companies, Customs & Excise and the Hydrographer perhaps would all be interested. So would other navies wishing to be trained, engineering and defence companies wishing to test equipment

and perhaps even the occasional high living individual wanting to impress friends.” (Whitehouse, 2002b: 4).

Accepting the plausibility of such market-oriented ideas, Whitehouse goes on to assert:

“In fact aspects of naval life have already been privatised, dockyards went private years ago, fleet maintenance is going the same way. DERA is privatised and the Hydrographic Office can’t be far behind, do we still have naval architects – I’m not sure? Maybe VSEL would want to be a partner, or BAE systems, SAAB Bofors, Rolls Royce?” (Whitehouse, 2002b: 4).

Whitehouse concludes:

“There are companies out there that are experienced in delivering new services in new ways and creating wealth through partnerships, so why not a partnership with the business of national defence?” I’m sure there are defence related industries that would be very keen to rent out “for hire” a warship or two, particularly when trailing and demonstrating their new weapon systems.” (Whitehouse, 2002b: 4).

Overall, from the combined perspective of Whitehouse, Micklethwait and the other libertarian literature reviewed, free markets offer a heady range of solutions to problems which the authors tend to believe is rooted in the political economy of ‘state failure’: irrespective of such legitimating rubrics as democracy. Whether right or wrong, this literature represents an extreme body of knowledge that is utopian in its idealisation of markets and their conceptualised role in the political economy of naval sea power, defence, security and the wider debate surrounding governance, accountability and outcomes.

4.4 Building the 'Ideal Type' Construct of an NPM Free Market in Defence, Security and Naval Sea Power

From the ideological perspective of this literature, the nineteenth and twentieth centuries witnessed a significant accommodation between the state and a wide range of sectional interests of which consumer driven propertarian markets formed only one part. In areas such as defence, naval sea power, law enforcement and even sanitation, the idea of an enhanced state was ascendant alongside industrialisation and mass production. Yet today, it is still popularly believed that there are a number of services essential to the functioning of a modern complex society that can only be organised and legitimated through government. It in this context that the journalist Peter Kellner, for example, comments:

“The unrestricted operation of market forces in nineteenth century Britain produced grave consequences, especially a lack of major public goods as public order, sanitation and education. This shortcoming was remedied only by a massive expansion of the state, without which capitalist society would have broken down. The market was unable to solve these difficulties.” (Kellner, 1987)

While today it seems inappropriate to question such an entrenched perspective, the historian Stephen Davies has asked the question: “Surely the Blue Books, official reports and the works of social investigators reveal a horrendous state of affairs in the early nineteenth century, with large towns and cities lacking such elementary facilities as water, lighting, and an effective police force to protect the public from rising crime? Weren’t the inhabitants deprived of education and other elements of culture?” (Davies, 1987: 1). Commenting on the reality of nineteenth century Britain, Davies argues: “Certainly, the condition of many larger towns and their inhabitants was often deplorable. These deficiencies had two main causes: a sharp rise in population, coupled with large-scale urbanisation; and an utterly inadequate system of local government, riddled with corruption and jobbery” (Davies,

1987: 1). Significantly, Davies points out that there were at this time classical liberal economists who disagreed with the idea of more state interventionism and instead campaigned for the widespread removal of anti-market restrictions which undermined private sector solutions. Indeed, some research that goes beyond the official reports of the day reveal that a host of private sector innovations were already being successfully developed. For Davies, the early history of Britain's law enforcement and sanitation sectors demonstrate that the free market can supply public goods.

Between the middle of the eighteenth and nineteenth centuries widespread market demand led to the establishment of an impressive range of private law enforcement agencies. The services they offered ranged from the deployment of newspaper advertising and thief-taking to the work of professional detectives. Overtime, the most significant players in the market became the private associations for the prosecution of felons. Voluntary associations of citizens initially established to defray the costs of mounting criminal prosecutions they essentially became private police forces. Acquiring, by popular consumer demand, a broad range of functions that included insurance and crime-prevention, association members only paid for services in line with their ability to pay. The income generated covered compensation for loss through theft or criminal damage, the recovery of stolen goods, cost of criminal prosecutions and for the compiling of information against delinquents. Finally, the resource generated was used to finance local foot-patrols and a network of watchers. Between 1744 and 1856 there were more than 450 associations (Schubert, 1981). By the 1830s the largest and most successful, such as the Barnet Association, had to all intents and purposes become private police forces. According to Davies they offered services that were reasonably priced, efficient and very popular with customers across the social spectrum. Crucially, membership spanned the social classes, not simply the wealthy.

Again, by the early part of the nineteenth century, many water and sanitation services were being supplied by a complex network of chartered private water companies. Although these organisations did not receive a favourable press

following the 1842 Sanitation Report (Flynn, 1965), the picture was not as bad as this report portrayed. In many areas such as Ashton-under-Lyne, private water companies provided water at a constant supply and pressure (Holland, 1846). While in London there were problems with the water supply and the provision of sanitation services, in reality, these were arguably the result of a lack of competition between providers and the manifest failings of local government. In the metropolis alone there were more than three hundred separate bodies operating under the auspices of two hundred and fifty separate Acts of Parliament (Davies, 1987: 2).

For Davies, the early nineteenth century witnessed rapid growth in the private supply of a range of infrastructural services. In the area of justice, the period saw the development of a plethora of private arbitration services, and large insurance companies such as Sun Alliance facilitated a new generation of private fire services (Arthurs, 1985). The Royal Lifeboat Institution (now the Royal National Lifeboat Institution) is very much a product of this period. Dating back to 1824 it is an exemplar of the private supply of a public good (Meek, 1999): in this instance, rescue at sea.

Significantly for this study, Davies is critical of those academics who fail to scrutinise and assess the received wisdom of the nineteenth century. For him the deference shown to the official (the 1834 Poor Law, the 1839 Constabulary and the 1842 Sanitation) reports of Edwin Chadwick is gravely misplaced, not least as in recent years it has become increasingly clear that they were often little more than exercises in political propaganda. For Chadwick doctored a great deal of the evidence of his enquiries to justify his own prejudices. As such, his work represents "...hearsay evidence or urban folk-myths presented as fact" (Davies, 1987: 2). Dwelling on the efficacy of Chadwick's research, Davies concludes: "Thus the majority of respondents to the 1839 Constabulary Report said that they were satisfied with the existing state of affairs and saw no requirement for a state police force, and yet when Chadwick drew up the Report most of this evidence was simply omitted" (Davies, 1987: 2). For Davies, the historical record does not support the idea that the Weberian state and the world of public administration was an

inevitable or better provider of so called public services: “Instead, it lends support to the thesis that the market is capable of producing private solutions to the problem of ‘public goods’” (Davies, 1987: 2). Davies concludes:

“That the necessity of a large state for commercial society is not only unproven but even doubtful. It seems apparent that many of the ‘core’ functions of the state can be provided in quite a different way through the market. History can offer ideas as to how the state today may be replaced and even as to what a truly commercial society might be like” (Davies, 1987: 2).

Nevertheless, even in accepting such a situation, the fundamental question still remains as to why the state prevailed? On this key point Davies comments: “The problems were so acute in many cases that drastic action did seem necessary. The laissez-faire solution could be blocked by the vested interests of the old order and was not supported by a sufficiently powerful interest group. By contrast the state reformers had a coherent ideology in Benthamism and were able to work with the vested interests, even if some of their more radical proposals were thwarted. Yet the main reason for the ‘triumph of the state’ was the fear of the mid-Victorian elite that society was facing the prospect of moral disintegration. They feared that economic development was dissolving the social bonds and producing an atomised ‘state of nature’ (Davies, 1987: 2). On this key question of morality as a key driver of statism, Davies concludes:

“The primary objection to non-state education was its lack of moral instruction, while the prosecution associations were seen as inadequate because they concerned themselves only with such matters as crimes against property and person while ignoring ‘moral’ offences, such as prostitution and drunkenness. Even the debate over sanitation was thought to be as much about morals as about drains”. (Davies, 1987: 2)

For the purposes of this study, it is important to look beyond such historical debate. In researching the question, 'how do influential agents in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management Theory?' it is instead important to construct an 'ideal type' model of the market that theoretically stands in opposition to the political economy of Weber's monopoly nation-state. For it is only in comparing and contrasting elite opinions towards 'ideal type' NPM-market and PA-state models that the real boundaries of discourse surrounding contemporary perspectives on governance and legitimacy in political economy can be researched.

While all economic theory refers to the ways in which men would behave were they actuated by purely economic motives, this study is concerned with ideal types rooted in abstract elements of social reality. Transcending historical events, the research requires the construction of an ideal type of free market legitimacy, as well as its opposite for the state, so as to ascertain the boundaries of discourse for both paradigms.

From the perspective of the compass of political economy (see Fig.8 below and sections 3.2 and 4.1 above), there are ultimately four ideal type models of political economy (Cooperative Mix, Libertarian Free Market, State Command and Control, Corporatist Mixture). However, mindful of the direction of travel of the Royal Navy and British naval sea power over the last thirty years (see Table 1 above), the research in this study is primarily focused on the transition from the lower left, State Command and Control quartile, to the discourse of the upper right, Libertarian Free Market quartile.



Fig 8. Compass for Ideal Type Constructs in Political Economy

It is in this context that the research question first requires the selection of those topics that from a Weberian perspective represent the ‘ideal type’ antithesis of the state’s “quintessential function and signifier of being” (Small, 2006: 12) in naval sea power. From the historical, literary and theoretical material presented above, the logical topics to be chosen are as follows (Table 4).



Table 4. Key Ideal Type Topics from the ‘Spear’ of Modern British Naval Sea Power.

To cover the relevant topics of discourse, the research must examine the idealised ‘privatisation’ of Royal Navy Dockyards, the Royal Maritime Auxiliary Service, Royal Navy Personnel Training, the Royal Fleet Auxiliary, the idea of private armed guards aboard British merchant vessels, the outsourcing of RN warships (under Design, Build, Finance and Operate, contracts) and, ultimately, the privatisation of naval sea power via businesses such as Typhon. While in reality some of these areas have experienced forms of outsourcing, from a methodological perspective, the research requires idealised forms of research messaging and therefore the stressing of ‘privatisation’ as a logical extreme.

Second, in analysing the libertarian literature presented (above), the research must rigorously examine the relevant areas of political economy. In constructing an ideal type ‘libertarian NPM perspective’ versus a ‘state PA perspective’, the literature highlights the following six areas as being crucial.

First comes the issue of naval sea power as a public versus private good. For libertarian free marketers, naval sea power is not only non-excludable and/or non-rivalrous, it is not even a necessary precondition of market activity to be funded from what they term 'coercive taxation'.

Second is the issue of monopoly. For libertarian free marketers such as Rothbard and Hoppe, a monopoly has no necessary relation to the concept of market share. Instead, it relates to the lack of entry into a particular market. For them, monopolies can never arise from a genuine free market. Instead, they must always result from state intervention. For libertarian free marketers therefore, a monopoly of naval sea power is no better than any other. As in the production of security, law, law enforcement and any other conceivable product or service, a monopoly can only ever be "necessarily by force" and therefore inherently rooted in its own inefficiency and ineffectiveness.

For Birch the opposite is true. He argues that an 'anarcho-capitalist society' would logically lead to the establishment of territorially defined but privately owned monopolies and systems of governance. By implication he suggests that a libertarian free market in naval sea power, defence and law would end up with either a single court monopolising a particular territory and/or area, or the dominant court would divide that territory and/or area into "monopolistic domains" (Birch, 1998: 3). Arguing that when taken to extremis free markets degenerate to re-create their own forms of non-tax funded monopoly and governance, Birch concedes that the resulting institutional arrangements are ultimately legitimated by local and cultural factors:

A co-operatively owned court might create a commune, a church court a theocracy, a privately owned court a monarchy, a joint stock court a republic. The dominant court might be controlled by businessmen, or lawyers, or policemen, or soldiers, or gangsters – or solid citizens. The court might be monolithic, or composite; its powers might be unitary, or divided. It might be pragmatic, or ideological. It might be honest, or corrupt. It might be in it for the money, or the power, or for the furtherance of justice." (Birch, 1998: 3).

Whilst libertarian free marketeers see 'government' and states ultimately degenerate overtime only to rediscover bottom up markets (as was the case with the collapse of the Soviet Union), Birch argues that overtime 'market anarchies' would similarly degenerate leading to a rediscovery of monopoly forms of governance, statism and in time 'government'.

Third, is the issue of private versus public funding of naval sea power and the interconnected idea that 'non-coercive' funding (read: 'funding without the state') would more likely ensure the 'business of peace'. Just as Molinari argued, that with no broker of privilege and monopoly there would be no need for war, and Spencer advocated the legitimate right of individuals to refuse to pay taxes to government for the protection of life and property, so Herbert argued that if the market was set free from the state: "Every want that we have will be satisfied by means of a voluntary combination." (Herbert, 1978: 185). Significantly, Hoppe contrasts the ideational worlds of private defence and protection with the incentives and record of democratically legitimated states and governance in the twentieth century. Arguing that democracy has aided a century of 'total democratic war', in which national populations have been coercively pitched as enemies against each other, the point is made that the existence of a state does not just increase the frequency of aggression, it changes its entire character. To Hoppe, the democratically legitimated Weberian nation-state implies that aggression and defense: "will tend to be transformed into total, indiscriminating war." (Hoppe, 1999: 10).

Countering Hoppe, Micklethwait acknowledges that while conflict is bad for business, because it 'erodes capital and other forms of value,' it is only bad for 'some kinds of business'. For him, what will eventually settle the matter is how badly peace is wanted under all systems of governance, and "how determinedly and cleverly private entrepreneurs are willing to work to provide it" (Micklethwait, 1987: 11). Whether such 'entrepreneurs' are best found in free markets or tax funded and/or differentiated polities is not for this study to decide. However, what is of interest is the epistemological tension in the line of reasoning and the attendant complexity of political economy.

Fourth is the libertarian free market perspective on the temporal dimension of the past and, importantly, the future. Spencer believes that overtime the state will become smaller; lapse into forms of differentiated decay and that voluntary market organisation(s) will eventually come to replace its institutional arrangements. De Puydt imagines a future world of 'Panarchy' in which "governmental competition" will grant individuals and 'congregations' an ability to engage authorities as if they were subscribing to differentiated political churches. Envisioning a globalised future of international travel, free migration and real-time communication, he also believes international courts will become increasingly important in the resolution of disputes.

While Rothbard believes future market arrangements in defence and security cannot be known in advance, just as it would have been impossible now some eighty years ago to "predict the exact structure of the television industry" (Rothbard, 1970), Friedman believes that ongoing state failure in defence is so inevitable it will act as a key driver of an ever-expanding private sector. Finally, Micklethwait concludes that just as libertarian ideas continue to spread, so more of its practitioners will "gradually find themselves with bigger and better opportunities to try them out." (Micklethwait, 1987: 6). For him, hollowed out states and libertarian free markets in naval sea power and defence will not only supply 'new forms of alliance' but if they are natural monopolies then "the free market will be better at supplying them than governments" (Micklethwait, 1987: 6).

The fifth issue is the methodological and epistemological superiority of notions of market and state failure in political economy research. For the purposes of this study the important question is not whether a legitimated political market works under conditions of zero transaction costs and perfect information, for as David Friedman argued under those conditions the private market is also efficient. The really significant question is how badly does each system break down when the assumptions are relaxed? On this key point the literature is clear, and it is worth restating:

“Economic efficiency is a strong requirement for the outcome of any real world system of institutions, since an outcome is efficient only if it could not be improved by a bureaucrat god – a benevolent despot with perfect information and unlimited power over individual actions. While it may be seen as an upper bound on how well an economic system can work, one might think that using that bound to judge real systems is as appropriate as judging race cars by their ability to achieve their upper bound – the speed of light” (Friedman, 1999: 7).

The point is well made: in political economy it is not how well a system might succeed according to a theoretical yet unobtainable perfectionism. Instead, it is more powerful and relevant to theorise on the basis of how a system might actually fail given the empirical constraints of actually existing reality.

Finally, the sixth issue concerns the underlying institutional architecture of all ideal type free libertarian market models: property rights. Although not applied specifically in the libertarian literature on naval sea power and security, the work of Walter Block suggests that no private naval sea power could ever be properly conceived in an ideal type sense without first understanding the implications and, as he views it, the benefits, of the private ownership of oceans (Block, 2000). As is later made clear in Chapter VI, for Block the negative externalities of piracy, environmental damage and insecurity at sea are not the result of any notional market failure, instead they are the consequence of a system of governance devoid of fundamental private property rights and therefore systemic state failure. So long as the seas and oceans of the world remain unowned, they will display their tendency towards a ‘tragedy of the commons’. However, for the research in this study, such argumentation is not relevant in terms of its efficacy. What matters is the way such a perspective can aid the methodological construct of a useful ‘ideal type’ position.

4.5 Conclusion: Methodology and an 'Ideal Type' Free Market

Combined, when listing in terms of privatisation, PPPs and outsourcing the key changes to the Royal Navy and British naval sea power over the last thirty years, and placing these developments within the idealised framework of libertarian ideation and governance, the following topics of political economy are the ones that are derived. Including the epistemological superiority of notions of market and state failure, the list culminates in the following topics for research (see Table 5):

Libertarian Free Market (NPM Ideal Type State Failure Perspective)	Command and Control State (PA Ideal Type Market Failure Perspective)
1. Subjects of Empirical Change	
Privatisation of:	Nationalisation of:
Royal Navy Dockyards	Royal Navy Dockyards
Royal Maritime Auxiliary Service	Royal Maritime Auxiliary Service
Royal Navy Personnel Training	Royal Navy Personnel Training
Royal Fleet Auxiliary	Royal Fleet Auxiliary
Armed Guards on Merchant Ships	Armed Guards Allowed on Merchant Ships
Royal Navy Warships	Royal Navy Warships
Naval Sea Power	Naval Sea Power
2. Subjects of Political Economy	
Private Good	Public Good
No/or Private Monopoly	No/or State Monopoly
Private Funding	Public Funding
Past, Present and Future	Past, Present and Future

Table 5. Topics for Political Economy Research on Royal Navy Discourse.

When putting together the path and trajectory of Royal Navy modernisation and the literature of utopian markets, the relevant topics for research include:

privatisation of Royal Navy dockyards; privatisation of the Royal Maritime Auxiliary Service; private armed guards on British merchant ships; competitive contracting of the training of Royal Navy personnel; privatisation of the Royal Fleet Auxiliary; privatisation of Royal Navy warships; public versus private funding of British naval sea power; naval sea power as a public or private good, and; the future of privatisation in British naval sea power.

It is with this methodological approach in mind that the research presented in the next chapter focuses on the key research question: how do influential agents in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management Theory?

Given for Weber, any re-emergence of private naval, military and/or protection organisations represents a fundamental failure of the modern nation state, because they inherently undermine governments 'quintessential function and signifier of being', what do elite opinion formers, in and around the Royal Navy as a core state institution, now believe constitutes legitimacy in political economy? And what are the implications of their attitudes for NPM theory and all those concerned with the future of governance, accountability and public administration? It is to this research and its findings that Chapter V attends.

Chapter V
Boundaries of Elite Discourse on Royal Navy
Modernisation and the Privatisation of Naval Sea Power:
Methodology, Research and Findings

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas...But, soon, or late, it is ideas, not vested interests, which are dangerous for good or evil.” (Keynes, 1973, p. 383)

This chapter builds on the foundational work presented in Chapter IV, introduces the methodology for the research and goes on to present its initial findings. Focused on the question, ‘how do influential agents in and around Weber’s nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management theory?’, the research examines the attitudes of fifty elite opinion formers (as defined in section 5.2.6 below), involved with the discourse surrounding Royal Navy modernisation and the wider political economy of British naval sea power. In clarifying the boundaries of discourse surrounding notions of market and state failure in relevant areas of naval sea power and Royal Navy modernisation, it not only compares and contrasts elite opinions towards ‘ideal type’ NPM market and PA state models, but it provides original insights into the boundaries of discourse surrounding contemporary perspectives on

accountability, governance and legitimacy in the political economy of force and violence.

5.1 Background to Research

Together, chapters II, III and IV (above) have explored the ideas, practice and theoretical constructs surrounding the private sector's involvement in the production of British naval sea power and made it clear that such involvement is no longer fanciful or illusory. Almost as if 'returning to the future', the Royal Navy and modern British naval sea power are once again increasingly reliant on forms of institutional nexus and governance that echo seventeenth, eighteenth and early nineteenth century forms of political economy. If this is the case however, then important questions arise concerning how elite opinion formers concerned with Royal Navy modernisation actually think about such concepts as market and state failure in the area of naval sea power and the Royal Navy? At a time when the Royal Navy and British naval sea power finds itself at the cutting edge of a potential 'hollowing out' of the 'core state' through privatisation, outsourcing and partnerships, the research at the heart of this study not only attempts to clarify the boundaries of discourse surrounding the political economy of force and violence but, it in doing so, it aims to present a critique of NPM with reference to the problematic dimensions of time, economic complexity and socio-political power.

5.2 Methodology

The research in this study is primarily deductive and descriptive (Firebaugh, 2008) in character. Although inductively informed (Ragin, 1994) by the ideal type constructs of the Libertarian free market and the command and control state, the methodological aim of the research is to comparatively analyse and position theoretically these concepts within newly generated data. While

deductive (theory-testing) research is most productive when there are a number of competing paradigms, in this case the 'state failure' perspective traditionally associated with NPM and the 'market failure' perspective of PA, the research is also descriptive in that it generates and powerfully theories the data presented. At the heart of this research is the proposition if we can better understand how relevant elite opinion formers think about notions of market and state failure in the production of naval sea power, then we will be better equipped to theoretically critique Weber's ideas surrounding the legitimate use of force and violence and therefore the wider world of the NPM, PA and governance debate (see Chapter VI).

5.2.1 Types of Survey Considered

From the outset, numerous types of study were considered including longitudinal and sequential surveys (Neuman, 2006). However, constrained by practical considerations of time, money and ethics (see below), a cross-sectional questionnaire (Creswell, 2003) was deemed to be the most effective way of generating quantifiably meaningful data. Early on in the process, it was decided that in testing the preferences and attitudes of opinion formers concerning the political economy of Royal Navy modernisation, the research should primarily measure intensity and be of an interval type (Stebbins, 2001).

Given the purpose of the research is to explore opinion formers' attitudes to notions of market and state failure in the context of British naval sea power and the Royal Navy, a cross-sectional design was also deemed to be the most appropriate because it involves no time dimension and relies on existing differences within and between groups rather than a random allocation. Designed to provide a snapshot at a specific point in time, the objective is to surface existing inferences and attitudes amongst an established group of elite respondents (Munn and Drever, 2004). While longitudinal studies involve taking multiple measures over an extended period (Foddy, 1994), this study is focused on finding relationships between variables at a single point in time. Moreover, the sub-groups identified are purposely selected for their existing

differences rather than on the basis of any randomised sample or geographical consideration.

A cross-sectional design using survey techniques was chosen because it was relatively inexpensive and could be conducted within a timeframe (Andres, 2012) consonant with the author's employment commitments. Ideal for describing characteristics that exist amongst opinion formers, and not concerned with delineating strict cause and effect relationships (Neuman, 2006), the approach also enables the generation of preliminary data from which clear inferences about possible relationships can be drawn.

5.2.2 Small-scale Pilot Study

In June-October 2011, a small-scale pilot study (Munn and Drever, 2004) was conducted with respondents. Designed to inform and assist with the development of a survey-questionnaire it provided valuable feedback and was centred on a series of informal, open-ended interviews with twenty opinion formers concerned with Royal Navy outsourcing, public private partnerships and the privatisation of British naval sea power (see Appendix I).

During the pilot study process, three key factors became clear. First, an overwhelming majority of the respondents were concerned with the sensitivity of the subject and wanted to be assured anonymity. Second, respondents were only primarily interested in the here, now and future of discourse. In the main, respondents were not that interested in (and/or could not necessarily see the relevance of) the longer-term history of Royal Navy and British naval sea power private sector involvement. Surprisingly, very few were interested in the history of its political economy. To get opinion formers to participate and engage meaningfully with the research, the questionnaire had to primarily focus on the here, now and future of Royal Navy modernisation as well as the broader concepts impacting the political economy of British naval sea power. Finally, the respondent categories were going to have to be better targeted and more narrowly focused (see 5.2.6 below). They were going to have to be meaningfully influential, responsible and engaged with the discourse and

practice surrounding naval outsourcing, public private partnerships and privatisation.

5.2.3 Developing the Questionnaire

Overall, the pilot study highlighted two key issues involved in the development of the survey questionnaire. First was the realisation that in examining opinion former's attitudes to Royal Navy and British naval sea power 'modernisations', the questionnaire had to meaningfully engage theoretical notions of market and state failure whilst also exploring aspects of a temporal dimension that some respondents preferred to avoid. Second was the realisation that as the opinion formers at the centre of the research tend to be very busy people, the questionnaire should not be overly lengthy or convoluted (Dillman, 1978). To reassure and engage respondents it was decided that the survey questionnaire should not contain more than 12 questions and that with preliminary explanations its execution should not take more than 15-20 minutes.

5.2.4 Topics Covered

Having analysed the path and trajectory of Royal Navy modernisations in Chapter III (above), the topics chosen for the research were informed by the literature reviewed in Chapter IV (above). In combining the path and trajectory of Royal Navy modernisation over the last thirty years, with the methodological application of utopian and idealised markets, the following topics of political economy are the ones derived. Being relevant and familiar to Royal Navy opinion formers, the final list of topics included: privatisation of Royal Navy dockyards; privatisation of the Royal Maritime Auxiliary Service; private armed guards on British merchant ships; competitive contracting of the training of Royal Navy personnel; privatisation of the Royal Fleet Auxiliary; privatisation of Royal Navy warships; public versus private funding of British naval sea power; naval sea power as a public or private good, and; the future of privatisation in British naval sea power: the last question being put in the

context of a broader temporal and historic perspective. Together, these were the topics chosen given the aims of the research (5.2.5 below).

5.2.5 Aims of the Research

Focused on the attitudes of fifty leading opinion formers involved with the oversight and delivery of Royal Navy modernisation, the first aim of the research was to profile elite attitudes concerning the Royal Navy reforms that have already occurred (for example, the privatisation of the Royal Navy's dockyards) and those that are currently being considered by policy makers (for example, privatisation of the Royal Fleet Auxiliary). Second, the research goes on to profile elite attitudes when it comes to key concepts of political economy concerned with production and operation of British naval power. In this context, the research profiles elite opinion formers' attitudes to the key concepts of NPM-market and PA-state failure in the context of naval power. Third, the research then goes on to present and profile elite attitudes to the history of private sector involvement in the production and operation of British naval sea power and its potential relationship to an even more privatised future.

Combined, the research aims to present a range of attitudes and opinions that not only delineate the boundaries of elite discourse concerning British naval sea power and therefore Weberian ideas on legitimacy concerning force and violence but do so in a way that informs NPM, public administration and the wider world of governance. In enabling an informed discussion critiquing a range of concepts and themes relevant to the discourse surrounding NPM and PA, the research is important because it illuminates elite discourse focused on an uneven core of modern statecraft and the debate surrounding its hollowing out.

5.2.6 Respondents

Whilst there is generally a poor mesh between facts and theory in the study of elites, power and the nature of change in public policy discourse, C. Wright

Mills' seminal work (Mills, 1963) on elite opinion formers, provides the methodological basis for the selection of respondents. For Mills, elite opinion formers are comprised of those agents in the dominant societal institutions of military, political and economic life. Their decisions (or lack of decisions) have enormous and disproportionate consequences when compared against ordinary civilians.

Due to the interchangeability of top institutional positions, opinion-formers are popularly thought of as developing a collective consciousness built around a community of interests. Whilst in contemporary Britain, previously decisive institutions located in and around the feudal aristocracy, the extended and nuclear family, and even organised religion, have been marginalised and/or adapted to contemporary meritocratic, pluralistic and secular life, so the realities of elite power have shifted. Today, elite opinion formers are also found in the relevant press and electronic media.

For this study, the phrase 'elite opinion formers' seeks to avoid the inappropriate simplicities of other theoretical paradigms. While Marxism over-emphasises an ill-defined 'capitalist' as the holder of power, political theorists lay too much emphasis on politicians as heading systems, be they elected or otherwise. For the purposes of this research, the notion 'elite opinion formers' denotes those key individuals who in adapting to the necessities of their jobs represent a range of perceived personal, business and societal interests in and around the discourse of Royal Navy modernisation and the political economy of British naval sea power.

In researching and analysing the boundaries of elite discourse, the study recognises that far fewer people express opinions than usually receive them. Often in modern public life, community denotes an abstract collection of individuals who receive impressions via a mass media. The communications that prevail are so organised and complex, it is often difficult for ordinary citizens to reply with veracity. The realisation that opinion-in-action is often dominated by authorities that organise the channels of action, means that

most citizens have little degree of autonomy from their society's dominant institutions. Instead, agents of authorised institutions tend to influence the mass, therein reducing any autonomy in the formation of opinions and wider discourse. Whilst formal definitions of power and influence are essentially incomparable, because power is a disposition concept requiring exacting specificities, there are nevertheless always types of power circles and 'policy networks' that bear specific relations to formal social structures. Indeed, most propositions about power structures can only be located in these terms.

In selecting the respondents that denote the policy community in and around the Royal Navy and which form a core part of that opinion forming elite concerned with the political economy of British naval sea power, both the decisional and reputational dimensions of elite power had to be combined. The research had to bring together a circle that represents a powerful network of public policy voices with those communicators who dialectically provide public amplification and feedback on the key issues of governance.

Originally for this research, the twenty respondents for the pilot study were drawn from ten sub-groups which included: two national defence journalists; two local journalists from naval towns (one from Portsmouth, one from Plymouth); senior civil servants (one from the Ministry of Defence, one from HM Treasury); senior naval and military officers; Members of Parliament (one Conservative, one Labour); defence, security and international relations academics; think tank policy experts (one left-wing, one right-wing); Members of Parliament on the House of Commons Defence Select Committee (one Labour, one Conservative); party political advisers (one Conservative, one Labour); and electronic media journalists (one from television, one from the blogger-sphere).

However, the pilot study process suggested that to focus on respondents who are both well informed and influential, and therefore worthy of the description 'elite opinion former', several sub-groups would have to be excluded from the research. Lacking sufficient responsibility and influence, the targets excluded were respondents from the following sub-groups: local journalists (who were

found to have insufficient knowledge of Royal Navy modernisation and the political economy of naval sea power), party political advisers (who were found to be too junior to be classed as ‘opinion formers’) and ‘ordinary’ Members of Parliament (who were not as well informed and influential as members of the House of Commons Defence Select Committee). In light of these changes, it was agreed that the research should focus on no more than 50 targets. To access the relatively small and inaccessible world of ‘elite opinion former’ concerned with Royal Navy modernisation and naval sea power, the research focused on respondents from the following five influential and knowledgeable subgroup categories, each containing ten individual targets (see Appendix II).

1. Journalists: Defence correspondents from the national press and media.
2. Politicians: Members of the House of Commons Defence Select Committee.
3. Policy Experts: Senior Defence Policy and Think Tank Players.
4. Academics: Royal Navy, Defence and Security Academics.
5. Naval Officers: Senior Naval Service Officers.

Going into the research, there was no great theoretical expectation on the part of the author that there would or would not be significant cleavages in attitude between the different respondent categories. Whilst others might have expected senior naval officers to be more institutionally conservative and statist in outlook, shunning and/or fearing unpredictable forms of competitive new market entrant, when compared to radical think tank respondents who purport to be in the business of ‘thinking the unthinkable’, an open mind was kept throughout the data collection process.

5.2.7 Ethical Considerations

In the small-scale Pilot Study (see 5.2.2 above) it became clear that a majority of respondents were concerned with the sensitivity of the research. In particular, the politicians, senior naval officers and journalists interviewed

stressed the importance of them being given anonymity concerning their participation throughout the research process. While politicians and senior naval officers wanted anonymity so that they could 'speak their minds' and be free from corporate orthodoxy, journalists did not want to be individually identified with responses which might jeopardise or put at risk their professional contacts. While academics and respondents from think tanks were generally more relaxed about confidentiality, it was decided that for both ethical and methodological reasons the research should grant all respondents the highest possible degree of anonymity.

While full anonymity was not possible given, for example, the relatively small number of national defence correspondents and/or members of the House of Commons Defence Select Committee, the research set out to ensure as clear commitment to anonymity as possible. This meant that at no stage would any response or finding be associated with a named or identifiable individual. Individual responses and results would only be articulated in the context of membership of a particular subgroup category and/or the wider population surveyed. Importantly, the ethics committee at the University of Exeter formally approved the methodology and research.

5.2.8 Creating and Developing the Questionnaire

Following the aims of the research outlined above, a survey questionnaire was developed which examined elite opinion on existing and proposed Royal Navy modernisations, questions concerning the political economy of modern British naval sea power, and elite attitudes to the broader history and future of private sector involvement. Not only was the survey questionnaire designed to provide insights into how relevant and elite opinion formers think about the attendant concepts of political economy but, through the use of an open question at the end, it also sought to profile key opinions and attitudes concerning the temporal dimension of the distant past linked to a possible future.

Mindful of the need for brevity so as to ensure support from respondents, a three page 12-question, survey questionnaire was developed which asked respondents to answer in a set format with 11 closed and one open question (Appendix III). Having learned lessons from the small-scale pilot-study, the survey questionnaire was designed in such a way that respondents would be encouraged to give accurate and honest answers.

5.2.9 Question and Subject Ordering

To avoid problems associated with order bias and respondent confusion (Gillham, 2008), the survey questionnaire started with questions concerning the specifics of the 'here and now' before moving on to cover broader issues with greater degrees of generality. The more theoretical issues concerning notions of NPM market and PA state failure were left until later in the survey questionnaire. So as to build early rapport with respondents, the more familiar questions concerning modern Royal Navy reforms were placed first. Wherever possible, questions concerning modern ideal type privatisations were delivered close to the chronological sequence presented in Chapter IV (above).

5.2.10 Rating Scales

In the questionnaire, questions 1-11 (concerning privatisation of Royal Navy dockyards, privatisation of the Royal Maritime Auxiliary Service, private armed guards on British merchant ships, competitive contracting of the training of Royal Navy personnel, privatisation of the Royal Fleet Auxiliary, privatisation of Royal Navy warships, public versus private funding of British naval sea power, and naval sea power as a public or private good) were covered in closed-ended questions. While the final question, number 12 (covering the history and possible future privatisation in British naval sea power), was covered by an open-ended and more investigative question, all the others sought to measure intensity (Schutt, 2006).

After exploring the four types of response scales (Babbie, 2005) for closed-ended questions (dichotomous, where the respondent has two options; nominal-polytomous, where the respondent has more than two unordered options, and; ordinal-polytomous, where the respondent has more than two ordered options) it was decided that for the purposes of this study respondents should be presented with a bounded continuous scale. For this research, a Likert-type scale (Likert, 1932) was chosen so as facilitate analysis of levels of agreement or disagreement concerning statements on a symmetric agree-disagree scale. Importantly, the agreed method adopted attempted to eliminate respondents' opting-out by ranking all factors as 'strongly disagree' (1) to 'strongly agree' (10) on a 1-10 point scale. By forcing a choice, a better understanding of respondents' decision-making was gained. Moreover, a 10-point scale was chosen over the more traditional 5 to 7 point options so as encourage respondents to stop and truly consider levels of importance (Dawes, 2008). The value of gaining in-depth insights into how respondents really rate the importance of a certain characteristic was of significance. For in this study, scaling an importance rating not only facilitated statistical analysis but also it is linked to a key open-ended question at the end.

While with Likert scales respondents might use extreme response (Allen and Seaman, 2007) categories (central tendency bias), agree with statements as given (acquiescence bias), or try to portray themselves as being overly consensual (social desirability bias), in this research a number of questions were used with balanced keying in an attempt to obviate these problems (Allen and Seaman, 2007). Questions concerning notions of market and state failure (8 and 10), and public and private funding of British naval sea power (9 and 11) were both given positive and negative statements. While the challenge of central tendency and social desirability problems remain, balanced keying was used to obviate the key risk of acquiescence bias (Dawes, 2008) in these key areas.

5.2.11 Data Collection

In order to keep costs down, accurately target the selected population, encourage participation, and elicit truthful responses, it was decided that a telephone survey provided the best mode of data collection for the research. Cost and time effective, easy to administer and not geographically dependent (Oppenheim, 2000), it was also the case that as the author undertook the interviews himself, quality control could be assured and maintained throughout. While a mail survey might have been less expensive, a telephone survey was deemed superior on the grounds that it could also deliver the most complete and accurate results. The fact that the process associated with the telephone survey questionnaire for respondents could be limited to a maximum of 15 to 20 minutes meant that it was the most suitable option. Finally, when it came to the targeting of the busy opinion formers, pre-booking agreed time slots proved a great strength in delivering an extremely high response rate.

5.2.12 Responses

To reduce non-response rates, several techniques were used with the target population. For most respondents, a short letter of introduction was sent followed by a phone call to confirm diary arrangements. For a minority, a one-off telephone conversation and/or email exchange was all that was necessary to arrange the interview. Significantly, every respondent approached participated fully in the research except for two respondents who had to be replaced by other candidates within their subgroups: one involved a new academic and the other a change of national television journalist. As such, the achieved response rate was one hundred per cent with each respondent answering all the questions put before them.

While the survey questionnaire was commenced with a short introduction from the author (specifying his name, the subject, the fact that the research was for a doctoral thesis at Exeter University and that the interview would take no

more than 15-20 minutes), the assurance of individual anonymity was also highlighted (Babble, 2005: 90).

5.2.13 Analysis and Presentation of Data

For the study, the central challenge of measuring attitudes and opinions lay in the procedures for transferring their qualities into quantitative measures for the purposes of data analysis (Schutt, 2006; Oppenheim, 2000; Foddy, 1994). As outlined above, Likert-type scales were used to generate interval scale data in which the numbers used indicate order and reflect a meaningful relative distance between the points on the scales.

The data analysis decisions for the Likert-type scale questions, and the open-ended question, were taken at the questionnaire development stage of the research process. For the stand-alone Likert-type scale questions, mean averages and frequencies were the appropriate statistical tools used and from which the data is analysed. For the open-ended question that concludes the survey, a textual analysis is presented.

Ultimately, the analysis of the data generated by the research at the heart of the study is both descriptive and exploratory in character. Never claiming an overly positivistic mantle of timeless or predictable 'truth', instead, the research seeks to explore, interpret and theorise the boundaries of elite opinion whilst avoiding and never claiming the methodological excesses of scientism (Kuhn, 1996).

5.3 The Research

The research centred on a series of telephone interviews and a survey questionnaire that was conducted between 1st June 2012 and 20th August 2012. Overall, 50 elite opinion formers were surveyed from five respondent subgroup categories and given the sensitivities surrounding the subject each respondent was assured anonymity.

The five respondent categories chosen for the research included: Defence correspondents for the national press and media; members of the House of Commons Defence Select Committee; Senior Defence Policy and Think Tank Players; Royal Navy, Defence and Security Academics, and; Senior Naval Officers equivalent or above the rank of Commander. Together, the respondents surveyed account for a significant number of opinion formers concerned with Royal Navy modernisation and public private partnerships.

In analysing the opinions of some of the most experienced and influential navy-related journalists, politicians, policy analysts, academics and officers, the research presented below represents a high degree of internal validity given the elite nature of the population. During the course of the research no major problems or obstacles were encountered beyond those already outlined above. While the author's financial constraints and the respondents' busy lives made a telephone survey questionnaire the most viable and effective option, the author is also mindful of the positive spirit with which the research process was engaged by the targeted population and policy network.

Overall, the survey questionnaire was divided into two sections. The first section (Section A) dealt with 'opinions on Royal Navy Modernisation'. With questions generated from Chapter IV (above), it covered: dockyard privatisation (Question 1), privatisation of the Royal Maritime Auxiliary Service (Question 2), private armed guards on British merchant ships (Question 3), competitive contracting of Royal Navy personnel training (Question 4), privatisation of the Royal Fleet Auxiliary (Question 5), the privatisation of warships (Question 6) and the private funding of British naval sea power (Question 7). Requiring respondents to score their reactions to statements on a Likert-type scale this section introduced the research by exploring respondents' attitudes to a number of already topical changes.

The second section (Section B) drew on the material and ideas covered in Chapters II, III and IV (above) and, as such, concentrated on elite opinions concerning 'notions of market and state failure in the production of British

naval sea power'. Covering a range of theoretical questions designed to surface respondents' attitudes, it covered conceptual issues that include public goods, private goods, and public versus private funding in the production of British naval sea power. As with section A, section B required respondents to score their reactions to statements on a Likert-type scale thereby enabling a statistical analysis of the data generated.

Significantly, so as to provide a foundation by which comparative data could be generated on each Likert-item, this section used some scales with balanced keying. As stated above, questions concerning notions of market and state failure (8 and 10), and public and private funding of British naval sea power (9 and 11) were each given an equal number of positive and negative statements. For example, while respondents were invited to react to the statement "If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good", this section later invited them to respond to the converse statement: "If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good".

Significantly, the survey questionnaire concluded by inviting respondents to react to the open-ended question: "How to you react to the following statement? Just as in past centuries British naval sea power was often privately provided, for example through the East India Company, so, in the future, more defence and security is going to be delivered through greater privatisation".

Throughout the survey process the interviewer's primary objective was to gain access to respondents own interpretations of the questions and statements presented. At no stage did the interviewer lead or guide respondents on any matter of interpretation or meaning. Questions and statements were read out and occasionally repeated for clarification but at all times matters of interpretation were left strictly up to the individual(s) surveyed.

While both sections A and B measured respondents' attitudes via a Likert-type scale, question 12 in section B was designed to focus on the broader temporal parameters of discourse surrounding Royal Navy and naval sea power privatisation. In total, there were 12 questions in the survey questionnaire with 7 in section A (1-7) and 5 in section B (8-12).

5.4 Initial Findings

As mentioned above, questions 1 to 7 invited respondents to agree or disagree with particular statements along a Likert-type scale. For each question in this section, respondents were given the following instruction: "On a scale of 1-10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement?"

5.4.1 Section A. Elite Opinions on Royal Navy Modernisation

Q.1 Dockyard Privatisation

Q1. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement?

A1. Today, the British dockyards of the Royal Navy have been largely privatised. This has led to greater efficiency gains for the navy and has improved the quality of its support facilities?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	0	1	1	4	1	2	1	0	6.5
Members HoC Defence Select Committee	0	0	0	0	1	2	2	3	1	1	7.4
Senior Defence Policy/Think Tank Players	0	0	0	0	1	0	3	2	2	2	8.0
Royal Navy, Defence and Security Academics	0	0	0	1	0	2	2	4	0	1	7.2
Senior Naval Service Officers	0	0	0	0	0	1	1	2	4	2	8.5
Frequency Totals	0	0	0	2	3	9	9	13	8	6 = 50	
Overall Mean Average											7.52

In response to the statement "Today, the British dockyards of the Royal Navy have been largely privatised. This has led to greater efficiency gains for the navy and has improved the quality of its support facilities", all respondent

subgroup categories answered within a narrowly positive 6.5 to very positive 8.5 range.

While overall the opinion forming fifty averaged a positive mean score of 7.52, all subgroup categories answered within a relatively narrow range. Combined, the subgroups deviated no more than 2.0 points (20 per cent). Nevertheless, below the combined mean average of 7.52 there were important cleavages. With defence correspondents in the national press and media scoring a mean average of 6.5 and Royal Navy defence and security academics scoring a positive 7.2, members of the House of Commons Defence Select Committee scored 7.4. The greatest degrees of support for the statement came from the senior defence policy/think tanks players who scored a very positive 8.0, and senior naval service officers who scored 8.5.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	0	0	0	2	3	9	9	13	8	6	= 50

While 28 per cent of respondents gave answers within the 4 to 6 point range, 72 per cent scored 7 to 10 points. Here, 16 per cent scored 9 and 12 per cent scored 10. Significantly, no respondent gave a negative score of 1, 2 or 3 points in response to the statement. Overall, the boundary of discourse occurred across the 4 to 10 point range.

Q.2 Privatisation of the Royal Maritime Auxiliary Service

Q2. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A2. Today, the Royal Maritime Auxiliary Service has been privatised and Serco now runs these services. This has led to greater efficiency gains for the Royal Navy and has improved the quality of its support services?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	2	0	1	4	2	1	0	0	5.4
Members HoC Defence Select Committee	0	0	0	1	0	3	2	3	1	0	6.9
Senior Defence Policy/Think Tank Players	0	0	0	0	1	1	2	2	2	2	7.9
Royal Navy, Defence and Security Academics	1	0	0	0	2	1	4	0	1	1	6.4
Senior Naval Service Officers	0	0	0	0	1	0	1	5	1	2	8.1
Frequency Totals	1	0	2	1	5	9	11	11	5	5	= 50
Overall Mean Average											6.94

In response to the statement, “Today, the Royal Maritime Auxiliary Service has been privatised and Serco now runs these services. This has led to greater efficiency gains for the Royal Navy and has improved the quality of its support services”, the respondent subgroup categories answered within a relatively broad undecided/controversial 5.4 to very positive 8.1 point range.

While overall, the opinion forming fifty averaged a positive mean score of 6.94, the respondent subgroup categories displayed a relatively broad range of opinions. The subgroups categories deviated across a range of 2.7 points (27 per cent).

Below the overall mean average of 6.94 there were some important cleavages. With defence correspondents in the national press and media averaging 5.4, Royal Navy defence and security academics scoring 6.4, and members of the House of Commons Defence Select Committee averaging 6.9, the greatest degrees of support came from the senior defence policy/think tanks players at 7.9, and the senior naval service officers at a very positive 8.1.

It is apparent from the responses to questions one and two, that senior naval officers are the most supportive respondent category when it comes to the privatisation of Royal Navy dockyards and the service’s formerly provided by the Royal Maritime Auxiliary Service.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	1	0	2	1	5	9	11	11	5	5	= 50

While 8 per cent of respondents gave answers within the negative 1 to 4 point range and 28 per cent scored 5 to 6 points, 64 per cent of respondents answered within the positive to extremely positive range of 7 to 10 points. Overall, the boundary of discourse was found to range over the full 1 to 10 point scale. That said, 98 per cent of the conversation occurred in just the 3 to 10 point spectrum.

Q.3 Private Military Personnel to Defend UK Merchant Ships

Q3. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A3. It is right that British merchant ships carry private armed guards to defend them from pirates in the Gulf of Aden and Indian Ocean?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	0	0	0	0	3	2	2	3	8.5
Members HoC Defence Select Committee	0	0	0	0	0	1	1	2	3	3	8.6
Senior Defence Policy/Think Tank Players	0	0	0	0	1	1	1	3	1	3	8.1
Royal Navy, Defence and Security Academics	0	0	0	0	0	2	2	4	2	0	7.6
Senior Naval Service Officers	0	0	0	1	0	0	6	0	2	1	7.4
Frequency Totals	0	0	0	1	1	4	13	11	10	10 = 50	
Overall Mean Average											8.04

In response to the statement “It is right that British merchant ships carry licensed armed guards to defend them from pirates in the Gulf of Aden and Indian Ocean?” all respondent subgroups answered within a relatively narrow, yet positive, 7.4 to very positive 8.5 range. While overall, the respondent subgroup categories averaged a very positive mean score of 8.04, it is important to note that all the subgroup categories displayed similar views. The subgroup categories deviated across a range of no more than 11 per cent (1.10 points).

With senior naval service officers scoring a positive mean average of 7.4 and Royal Navy defence and security academics scoring 7.6, very positive levels of support for the statement came from senior defence policy and think tank players at 8.1, defence correspondents in the national press and media at 8.5 and, most supportive of all, members of the House of Commons Defence Select Committee at 8.6.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	0	0	0	1	1	4	13	11	10	10 = 50	

While no respondents gave answers within the negative 1 to 3 point ranges and only 12 per cent scored 4 to 6 points, 88 per cent of respondents

answered within the positive to extremely positive range of 7 to 10 points. Indeed, 40 per cent of respondents scored 9 or 10 in agreement with the statement. Overall, the boundary of discourse ranged across just the 4 to 10 point spectrum.

Q.4 Privatisation of Royal Navy Personnel Training

Q4. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A4. All Royal Navy personnel training should be privatised?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	2	0	1	2	0	3	2	0	0	0	4.5
Members HoC Defence Select Committee	1	1	0	3	3	1	1	0	0	0	4.3
Senior Defence Policy/Think Tank Players	4	1	1	0	0	3	0	0	0	1	3.7
Royal Navy, Defence and Security Academics	5	1	2	0	2	0	0	0	0	0	2.3
Senior Naval Service Officers	3	1	2	2	1	0	1	0	0	0	3.1
Frequency Totals	15	4	6	7	6	7	4	0	0	1 = 50	
Overall Mean Average											3.58

In response to the statement “All Royal Navy personnel training should be privatised” all respondent subgroup categories responded within a negative 2.3 to 4.5 range. Importantly, no subgroup provided a positive score in response to the idea of privatising all the Royal Navy’s training of its personnel. While overall the opinion forming fifty averaged a negative mean score of 3.58, all respondent subgroup categories answered within a range of no more than 2.2 points (22 per cent).

While Royal Navy defence and security academics averaged a negative mean score of 2.3, and senior naval service officers scored 3.1, senior defence policy and think tank players scored 3.7. Displaying greater degrees of uncertainty/controversy, members of the House of Commons Defence Select Committee scored 4.3 while defence correspondents in the national press and media scored 4.5.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	15	4	6	7	6	7	4	0	0	1 = 50	

While only 2 per cent of respondents gave answers with an extremely positive score of 10, no respondents scored in the very positive range of 8 or 9 points. 30 per cent of respondents gave extremely negative scores of just 1, with 34 per cent scoring in the range of 2 to 4 points. Under analysis it is clear that 26 per cent of respondents scored within the undecided/controversial range of 5 to 6 points. Overall, the boundary of discourse was found to span the full 1 to 10 point range. That said, 98 per cent of the conversation occurred just in the 1 to 7 point range.

Q.5. Privatisation of the Royal Fleet Auxiliary

Q5. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A5. Some of Britain’s largest naval ships are in the Royal Fleet Auxiliary. The RFA should be privatised?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	2	0	2	4	0	2	0	0	5.6
Members HoC Defence Select Committee	1	1	0	1	0	5	2	0	0	0	5.1
Senior Defence Policy/Think Tank Players	1	1	0	0	2	3	2	0	0	1	5.5
Royal Navy, Defence and Security Academics	2	1	0	1	1	3	2	0	0	0	4.4
Senior Naval Service Officers	1	1	2	1	1	1	1	2	0	0	4.4
Frequency Totals	5	4	4	3	6	16	7	4	0	1 = 50	
Overall Mean Average											5.00

In response to the statement “Some of Britain’s largest naval ships are in the Royal Fleet Auxiliary. The RFA should be privatised”, significantly all respondent categories answered within the relatively undecided/controversial range of 4.4 to 5.6. While the opinion forming fifty averaged an overall mean score of 5.0, all respondent subgroup categories answered within a relatively narrow range of 1.2 points (12 per cent).

While both senior naval service officers and Royal Navy defence and security academics scored a mean average of 4.4, defence correspondents in the national press and media scored a more undecided/controversial 5.6. In between these categories were members of the House of Commons Defence Select Committee at 5.1 and senior defence policy and think tank players who also scored an undecided/controversial 5.5.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	5	4	4	3	6	16	7	4	0	1 =	50

While 10 per cent of respondents gave answers with an extremely negative score of just 1, only 2 per cent of respondents provided an extremely positive score of 10. With 44 per cent of respondents scoring within the undecided/controversy range of 5 to 6 points, of the rest, 22 per cent scored between 2 to 4 points while the remainder (22 per cent) scored between 7 and 8 points. Overall, the boundary of discourse was found to range over the full 1 to 10 point scale.

Q.6 Privatisation of Royal Navy Warships

Q6. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A6. There is no reason for the Royal Navy to actually own many of its war ships. Instead, it would be more efficient if its ships were privatised?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	1	0	1	0	1	1	6	0	0	0	5.7
Members HoC Defence Select Committee	1	0	1	1	1	1	3	1	1	0	5.7
Senior Defence Policy/Think Tank Players	2	1	1	0	2	1	2	0	0	1	4.7
Royal Navy, Defence and Security Academics	2	1	0	1	1	3	2	0	0	0	4.7
Senior Naval Service Officers	1	1	2	1	1	1	1	2	0	0	4.7
Frequency Totals	7	3	5	3	6	7	14	3	1	1 =	50
Overall Mean Average											5.10

In response to the statement “There is no reason for the Royal Navy to actually own many of its war ships. Instead, it would be more efficient if its ships were privatised”, all respondent categories answered within an undecided/controversial range of 4.7 to 5.7 points. Significantly, no respondent subgroup category overtly supported or opposed the statement. With the opinion forming fifty scoring a mean average of 5.10, all respondent subgroup categories answered within a very narrow range of 1.0 point (10 per cent).

Therefore, around the average mean score of 5.1 there were only minor cleavages. While senior naval service officers, Royal Navy defence and security academics and senior defence policy and think tank players all scored a mean average of 4.7, defence correspondents in the national press and media, and members of the House of Commons defence select committee, scored an undecided/controversial 5.7 points.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	7	3	5	3	6	7	14	3	1	1 = 50	

While 14 per cent of respondents gave answers with an extremely negative score of just 1, only 2 per cent of respondents provided an extremely positive score of 10. With 26 per cent of respondents scoring within the undecided/controversy range of 5 to 6 points, of the rest, 22 per cent scored between 2 to 4 points while the remainder (34 per cent) scored between 7 and 8 points. Overall, the boundary of discourse was found to span the full range of 1 to 10 points; although 96 per cent scored in just the 1 to 8 point range.

Q.7 Private Funding of British Naval Sea Power

Q7. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A7. In the future, Britain’s naval sea power should not simply be funded from taxation. One can imagine a time when various forms of private money will be used to fund the production of naval sea power?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	1	0	1	0	1	1	6	0	0	0	5.7
Members HoC Defence Select Committee	1	0	1	1	1	1	3	1	1	0	5.7
Senior Defence Policy/Think Tank Players	1	0	1	0	1	3	3	0	0	1	5.8
Royal Navy, Defence and Security Academics	1	1	0	1	0	1	3	1	2	0	6.0
Senior Naval Service Officers	0	0	0	1	1	3	0	3	0	2	7.1
Frequency Totals	4	1	3	3	4	9	15	5	3	3 = 50	
Overall Mean Average											6.06

In response to the statement “In the future, Britain’s naval sea power should not simply be funded from taxation. One can imagine a time when various forms of private money will be used to fund the production of naval sea power”, all respondent category subgroups answered within a positive 5.7 to

7.1 point range. With the opinion forming fifty averaging an overall mean of 6.06, the respondent subgroups deviated in their overall averages by no more than 1.3 points (13 per cent).

Around the overall mean of 6.06 there were relatively small differences between the subgroup categories. While both defence correspondents in the national press and media and members of the House of Commons defence select committee averaged 5.7 points, senior defence policy and think tank players scored similarly at 5.8. Royal Navy defence and security academics averaged 6.0 points with senior naval service officers scoring a positive 7.1.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	4	1	3	3	4	9	15	5	3	3 =	50

While 26 per cent of respondents in this subgroup category gave answers within the 5 to 6 point range, 52 per cent scored 7 to 10 points. Moreover, while 8 per cent of respondents scored an extremely negative 1, the remaining 14 per cent of respondents scored within the negative 2 to 4 point range. Overall, the boundary of discourse was found to range over the full 1 to 10 point scale.

5.4.2 Section B. Notions of Market and State Failure in the Production of British Naval Sea Power

Most of the questions (see 8-11 below) in section B invited respondents to agree or disagree with particular statements along a Likert scale. As with section A (above), but this time dealing with ‘opinions towards notions of market and state failure in the production of British naval sea power’, each respondent was given the following instruction: “On a scale of 1-10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement”. Only question 12 (see below) provided a statement that invited an open-ended response.

Q8 Naval Sea Power as a Public Good

Q8. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A8. If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	0	0	0	1	3	4	0	2	7.9
Members HoC Defence Select Committee	1	0	0	1	0	0	0	0	2	6	8.3
Senior Defence Policy/Think Tank Players	0	0	0	0	0	2	1	2	2	3	8.1
Royal Navy, Defence and Security Academics	0	1	0	1	0	0	2	2	3	1	7.3
Senior Naval Service Officers	0	0	0	0	0	1	2	1	1	5	8.7
Frequency Totals	1	1	0	2	0	4	8	9	8	17 = 50	
Overall Mean Average											8.06

In response to the statement “If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good?” all respondent categories answered in-between a positive score of 7.3 and a very positive score of 8.7. While the opinion forming fifty averaged a very positive mean of 8.06, all respondent categories answered within a narrow range of 1.4 points (14 per cent).

Around the overall mean average of 8.06 there were cleavages between the respondents. While Royal Navy defence and security academics averaged 7.3; defence correspondents in the national press and media scored 7.9. Very positive levels of support for the statement came from senior defence policy and think tank players at 8.1, members of the House of Commons Defence Select Committee at 8.3 and senior naval service officers at 8.7.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	1	1	0	2	0	4	8	9	8	17 = 50	

While 16 per cent of respondents gave answers within the 4 to 6 point range, 50 per cent of respondents scored 7 to 10 points. Of these, 16 per cent scored 9 and 34 per cent scored 10. Significantly, only 8 per cent of respondents gave negative scores in the 1 to 4 point range. Overall, the boundary of discourse occurred across the full 1 to 10 point spectrum.

Q9 Inadequacy of Private Funding of Naval Sea Power

Q9. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A9. Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation: private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	0	0	0	0	1	4	1	0	4	8.2
Members HoC Defence Select Committee	0	0	0	0	0	1	1	2	1	5	8.8
Senior Defence Policy/Think Tank Players	0	0	0	0	0	0	1	0	2	7	9.5
Royal Navy, Defence and Security Academics	0	0	0	0	0	0	1	2	0	7	9.3
Senior Naval Service Officers	0	0	1	0	1	0	0	1	1	6	8.5
Frequency Totals	0	0	1	0	1	2	7	6	4	29 = 50	
Overall Mean Average											8.86

In response to the statement “Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation: private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all”, all respondent categories answered within a very positive 8.2 to extremely positive 9.5 range. With the opinion forming fifty averaging a very positive mean of 8.86, overall, the respondent subgroup categories answered between a relatively narrow range of 1.3 points (13 per cent).

Around the overall average of 8.86 there were only small cleavages between the various subgroup categories. While defence correspondents in the national press and media scored a very positive mean of 8.2 points, senior naval service officers scored 8.5 and members of the House of Commons Defence Select Committee scored 8.8. Scoring extremely positively were Royal Navy defence and security academics at 9.3 and senior defence policy and think tank players at 9.5.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	0	0	1	0	1	2	7	6	4	29 = 50	

While 2 per cent of respondents gave a negative 3 point score, 58 per cent gave an extremely positive 10 point score. With 6 per cent of respondents scoring in an undecided/controversial 5 to 6 points, the remaining 34 per cent scored in the positive 7 and very positive 8 to 9 point range. Overall, the boundary of discourse was found to spread over the 3 to 10 point range. That said, 96 per cent of the conversation occurred in the narrower 6 to 10 point range.

Q10 Naval Sea Power as a Private Good

Q10. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A10. If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good?

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	1	0	2	2	1	3	1	0	0	0	4.5
Members HoC Defence Select Committee	1	0	2	1	0	1	4	0	0	1	5.5
Senior Defence Policy/Think Tank Players	2	1	2	3	1	0	1	0	0	0	3.4
Royal Navy, Defence and Security Academics	3	1	0	2	1	1	2	0	0	0	3.8
Senior Naval Service Officers	0	0	1	1	1	2	4	0	1	0	6.1
Frequency Totals	7	2	7	9	4	7	12	0	1	1 = 50	
Overall Mean Average											4.66

In response to the statement “If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good”, all respondent subgroup categories answered in-between an overall negative mean of 3.4 to positive 6.1 range. With the opinion forming fifty averaging a median negative score of 4.66, all respondent subgroup categories averaged in-between a relatively wide range of 2.7 points (27 per cent).

Around the overall mean average of 4.66 there were therefore relatively wide variations between the subgroup categories. While senior defence policy and think tank players scored a negative 3.4 and Royal Navy defence and security academics averaged 3.8, the only subgroup category to provide a positive response were senior naval service officers who scored a mean average of

6.1. In between were defence correspondents in the national press and media at 4.5, and members of the House of Commons Defence Select Committee who scored an undecided/controversial 5.5.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	7	2	7	9	4	7	12	0	1	1	= 50

While 22 per cent of respondents gave answers within the 5 to 6 point range, 28 per cent scored 7 to 10 points. Moreover, while 14 per cent of respondents scored an extremely negative 1, the remaining 36 per cent of respondents scored within the negative 2 to 4 point range. Overall, the boundary of discourse was found to range over the full 1 to 10 point scale.

Q11 Inadequacy of Public Funding of Naval Sea Power

Q11. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A11. Because naval sea power requirements are unpredictable some costs will always have to be covered by private arrangements such as corporate funding, insurance, donation and/or sponsorship? Taxation could never do it all.

	1	2	3	4	5	6	7	8	9	10	Avg.
Defence correspondents national press and media	0	1	0	2	0	2	2	1	1	1	6.3
Members HoC Defence Select Committee	1	0	1	1	1	1	3	2	0	0	5.6
Senior Defence Policy/Think Tank Players	0	0	0	0	1	2	0	4	0	3	7.9
Royal Navy, Defence and Security Academics	1	0	1	0	1	2	2	1	2	0	6.1
Senior Naval Service Officers	0	0	0	0	0	0	2	3	4	1	8.4
Frequency Totals	2	1	2	3	3	7	9	11	7	5	= 50
Overall Mean Average											6.86

In response to the statement “Because naval sea power requirements are unpredictable some costs will always have to be covered by private arrangements such as corporate funding, insurance, donation and/or sponsorship. Taxation could never do it all”, all respondent categories answered within a undecided/controversial 5.6 point to very positive 8.4 range. While combined the opinion forming fifty averaged a positive mean of 6.86, the respondent subgroup categories answered across a relatively broad range of 2.8 points (28 per cent).

With Royal Navy, defence and security academics averaging 6.1 points and defence correspondents in the national press and media scoring 6.3, members of the House of Commons Defence Select Committee delivered a more undecided/controversial score of 5.6 points. While senior defence and think tank players responded positively at 7.9, senior naval service officers scored very positive with a mean average of 8.4 points.

	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	2	1	2	3	3	7	9	11	7	5	= 50

While 20 per cent of respondents gave answers within the undecided/controversial 5 to 6 point ranges, 64 per cent scored 7 to 10 points. Moreover, while 4 per cent of respondents scored an extremely negative 1, the remaining 14 per cent of respondents scored within the negative 2 to 4 point range. Overall, the boundary of discourse was found to range over the full 1 to 10 point spectrum.

Q12 Future of Privatisation in British Naval Sea Power

Q12. How do you react to the following statement: *“Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation?”*

In response to the statement, “Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation?”, defence correspondents from the national press and media were essentially divided into three groups.

First, there were three journalists out of the ten surveyed who generally agreed with the statement in its own terms. While one journalist commented, “Totally agree. Tony Blair understood this. This will be the future”, another

retorted: “True. It is already happening in many ways”. A third journalist asserted: “Nothing surprises me nowadays. So yes, I agree”.

Second, there were four journalists who generally agreed with the statement but added caveats concerning regulation, time, private sector capacity and degree of privatisation. While one journalist commented: “This is all possible. However, it has to have enough regulation to ensure security is protected”, another invoked the dimension of time: “A true statement but will take a long time before becoming real in the modern age.” Turning to private sector capacity, one journalist responded: “I don’t know. Probably. But there is no East India Company today. Difficult to identify companies to fill such a gap”. Finally, questioning the degree of privatisation, a fourth journalist in this group asserted: “I can see a world similar to this but not fully blown private”.

Third, there were also three journalists who disagreed with the statement. While one said “I can see ship building and support services being privately managed but not a full blown fleet of warships”, another asserted: “Disagree. We no longer live in a world where fighting forces are private. It could work with humanitarian missions”. Finally, concerned with the issue of legitimacy one journalist concluded: “I don’t think the defence of the realm should be private. Conflicting interests. Moved into a different world.”

In contrast to the defence correspondents in the national press and media, members of the House of Commons Defence Select Committee were generally more supportive of the statement. Under analysis, the Members of Parliament surveyed divided into just two groups.

First, there were six MPs who generally agreed with the statement but added various caveats focused around private sector capacity, regulation, the role of overseas organisations and the need for integrated protocols and communications. While one MP asserted “Its already taking place. I agree in principal”, and another commented it “has to be regulated efficiently”, a third stated: “Public private partnerships and privatisations are here to stay. No government can afford to stop them. It all depends on the capacity the private

sector offers in the future.” Moreover, while one MP said such a future was “Possible. However, it raises questions over control by overseas organisations”, another asserted: “In the current financial crisis it could be an alternative in order to cut the Ministry of Defence deficit.” Finally, focusing more on the detail of the future, one MP concluded:

“To achieve the maximum coverage of a great deal of sea both public and private sectors must work together. There are risks in this but the better integrated it is the better; e.g., agreed protocols and communications between marines and private soldiers on commercial ships. Huge and as yet untapped scope in intelligence gathering.”

The second group of MPs on the House of Commons Defence Select Committee displayed a much greater skepticism concerning the statement. Their concerns centred on the hollowing out of core state power, the power of corporations, mercenaries, and financial and voter accountability. While one MP stated, “It won’t happen in the same way. The state is too powerful to dismantle”, another retorted: “I hope we don’t go back to that sort of world, dominated by imperial corporations. It has to be about partnerships for the common good.” Moreover, one MP was concerned with a rise in mercenaries stating: “Construction, facilities, vessels and training all good. Privatise these as much as possible. But you can’t have a mercenary navy in warfare. The old model can’t return. All operational aspects should be state run”. Another MP concluded: “Depends on financial responsibility and accountability in addition to voters”.

Significantly, senior defence policy and think tank players focused their attentions much more on the future of public private partnerships. While a senior government policy adviser asserted, “This government will progress public private partnerships. The Ministry of Defence will be part of this”, another said in reply to the statement: “Yes, one cannot disagree with that. The government cannot do it all”.

Out of ten respondents in this category, seven suggested PPPs and 'privatisation' had further to go. While one respondent retorted, "There will be a lot more partnerships with the private sector in the future. But it will have the right democratic governance", another argued: "Forget public private partnerships. The future should be more genuine privatisation". With one respondent admitting they had "Never thought about this. Interesting parallels. The future will probably have more embedded public private partnerships" another policy expert confidently asserted: "As the private sector's capacity to deliver grows so more public private partnerships will become viable without threatening democratic governance". Finally, warning against a pure market totally hollowing out the Weberian state and democratic governance one senior defence policy and think tank player concluded: "The Royal Navy will not go back to what it was last century. But privatisation must not stray into anarchy."

In opposition to the statement that "just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation", only one senior defence policy and think tank player overtly mentioned state funding: "The government should fund the Royal Navy properly. This is an uncertain world and the government has a duty to defend the country first". Similarly, two respondents expressed other concerns with the statement. While one asserted, "Nothing is inevitable. Depends what politicians want the state to do in the future. Maybe the state will shrink and focus more on its core areas of defence. Maybe not. If not, there might be more public private partnerships and privatisations", the other concluded: "It would be scary if we went back to the sort of world of the East India Company. But maybe that is where we are going. I don't know."

The Royal Navy defence and security academics surveyed focused more than any other groups on the East India Company and its relevance to the modern world. Overall, this group was divided between those who generally agreed with the statement and those who did not.

One academic who generally agreed with the statement asserted, “Totally agree. Privatisations are here to stay. The age of big government was the anomaly. Not the East India Company or partnerships with privateers though!” Citing government finances as being the main driver of change another respondent retorted, “Inevitable. Given debt levels all political parties are going to rely ever more vigorously on private partnerships.” While one academic argued, “It will happen but most operate on a scale that the public approve of”, another concluded: “Don’t know. We are in a very different world to the EIC. The state is very different. There will be partnerships in the future. But not sure what form they will take”.

Uppermost in the minds of the academics was a concern for the legitimate boundaries of cooperation between the public and private sectors and the issue of sustainable governance. While one respondent said, “The Royal Navy has always had private partnerships for most of its history. It is about degree and balance I guess”, another focused on the comparative youth of nation states: “It depends. The nation state is not that old. Not sure about the governance arrangements in the future. Business and politicians will always be in the mix”.

More than with any other subgroup, the theme of the interwoven nature of politics and business was at the forefront of Royal Navy defence and security academics’ thinking. Emphasising possible discontinuities between the past, present and future one respondent asserted: “The EIC was very different and there was always a clear separation from the Royal Navy. Partnership and privatisation is not the same. It is about the Royal Navy and the government taking the lead within legitimate boundaries”. While one academic favoured taxation, “By observing that in 1789 Pitt the Younger introduced income tax for the express purpose of paying for the Royal Navy, and since then we have correctly had the defence of the realm as the first call on taxation”, another emphasised the problematic boundaries of governance and differentiation between the public and private sectors: “Subcontracting in some cases is a fact and always has been. East India Company navy was a Royal organisation: HM EIC ship not private. It was a company by Royal Charter”.

Finally, one academic not only emphasised the eventual failure of the East India Company but he invoked the failure of the private security company G4S, at the 2012 London Olympics, to question the practicability of meaningful public private partnerships:

“What applied in the past doesn’t necessarily do so now. The East India Company was unable to protect British interests in India and elsewhere and I take this as evidence of the inherent limits of for-profit organisations in the provision of the more deadly types of services. The G4S fiasco [with the 2012 London Olympics] simply reinforces the point, even at the lower end. This doesn’t mean to say that private partnerships have nothing to offer. They do, but only in the lower reaches of the security requirement and in support systems.”

Whilst the East India Company flourished from 1600 to the 1800s and in so doing existed for longer than most nation states, Norway’s recently contracted in frigates (discussed in Chapters II and III) serve as an empirical counter to the idea that the private sector can only operate in the lower reaches of security and naval support. As modern nation states increasingly struggle to provide the range of naval capabilities that they want it is clear that some are again turning to the private sector for often-unexpected and differentiated contributions.

That said, the final subgroup to react to the statement was the senior naval service officers. Comparatively more open than any other subgroup to the idea that “in the future more British naval sea power is going to be provided through greater privatisation”, it was noticeable that eight out of ten respondents reacted positively to the statement. Whether overtly supportive or otherwise, all seemed to ultimately accept its description of future public policy direction in an increasingly post-Weberian world:

“Naval sea power will have more private input in the future. But the forms it will take and the consequences will be unclear”

“No doubt of that. The Royal Navy has a real challenge in the future to justify using its own ships as well as many other parts of the value chain”

“Totally agree. The future will be about more privatisation not just contracting out and public private partnerships. Also, there will be more international cooperation and links between allied navies”

“Agree. Can’t really say more than that. It is the world we live in now. Not sure if the public and politicians realise it however”

“Probably. Seems so, irrespective of who is running the government of the day”

“Very clear. Yes, I guess so. Not sure what the Ministry of Defence and ministers really want. Depends on events and money”

“Naval defence always needs private sector input. The future will depend on what the government can afford, or not. It also depends on which gaps business wants and can fill. There will be a lot of public private partnerships in the future”

“There are many examples of private fleets in the past and maybe the future will look more like that. But I am mindful that predictions are very difficult. Realities and priorities change; sometimes quickly and unexpectedly”.

While one respondent was mindful of treasury pressures, “Depends on what the navy advises the government and how the Treasury reacts. I don’t know where privatisation will take us. I suspect it has further to go”, another concluded with explicit concerns over governance, legitimacy and a hollowed out core state: “Governance and legitimacy are more important than

ownership issues. That said, the two are linked. If you weaken the military you weaken the state”.

5.5 Overview of Initial Research Findings

A1. Today, the British dockyards of the Royal Navy have been largely privatised. This has led to greater efficiency gains for the navy and has improved the quality of its support facilities?		
Overall Mean Average		7.52

Overall, the research found that the opinion forming fifty were positive towards Royal Navy dockyard privatisation. Scoring a mean average of 7.52, the average respondent believes such a policy has: “...led to greater efficiency gains for the navy and has improved the quality of its support facilities”. While 28 per cent of respondents gave answers within the 4 to 6 point range, 72 per cent scored 7 to 10 points. No respondent gave a negative score of 1, 2 or 3 points. The boundary of discourse therefore occurred across the 4 to 10 point spectrum.

A2. Today, the Royal Maritime Auxiliary Service has been privatised and Serco now runs these services. This has led to greater efficiency gains for the Royal Navy and has improved the quality of its support services?		
Overall Mean Average		6.94

On the question of the privatisation of the Royal Maritime Auxiliary Service the opinion forming fifty were positive. Scoring a mean average of 6.94, the average respondent believes such a policy has: “...led to greater efficiency gains for the Royal Navy and has improved the quality of its support services”. While 8 per cent of respondents gave answers within the negative 1 to 4 point range and 28 per cent scored 5 to 6 points, 64 per cent of respondents answered within the positive to extremely positive range of 7 to 10 points.

Overall, the boundary of discourse was spread right across the full 1 to 10 point range.

A3. It is right that British merchant ships carry private armed guards to defend them from pirates in the Gulf of Aden and Indian Ocean?

Overall Mean Average	8.04
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The research found that the opinion forming fifty were very positive towards British merchant ships carrying private armed guards to defend them from pirates in the Gulf of Aden and Indian Ocean. Scoring a mean average of 8.04, no respondent gave answers within the negative 1 to 3 point range and only 12 per cent scored 4 to 6 points. 88 per cent of respondents answered within the positive to extremely positive range of 7 to 10 points. Therefore, overall the boundary of discourse was spread right across the 4 to 10 point range.

A4. All Royal Navy personnel training should be contracted out to the privatised?

Overall Mean Average	3.58
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Overall, the research found that the opinion forming fifty reacted slightly negatively to the idea that: "all Royal Navy personnel training should be privatised". Scoring a mean of 3.58, no subgroup produced a positive mean average. While the boundary of discourse spanned the full 1 to 10 point range, 98 per cent of opinion was expressed just in the 1 to 7 point range.

A5. Some of Britain's largest naval ships are in the Royal Fleet Auxiliary. The RFA should be privatised?

Overall Mean Average	5.00
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On the question of the privatisation of the Royal Fleet Auxiliary, the opinion forming fifty scored a slightly negative, undecided and controversial, mean average of 5.00. While 10 per cent of respondents gave answers with an extremely negative score of just 1, 2 per cent of respondents provided an extremely positive score of 10. Overall, the boundary of discourse ranged across the full 1 to 10 point scale.

A6. There is no reason for the Royal Navy to actually own many of its war ships. Instead, it would be more efficient if its ships were privatised?		
Overall Mean Average		5.10

The research found that the opinion forming fifty were either undecided or found the idea of the Royal Navy not owning its warships controversial. Scoring a mean average of 5.10, opinions were divided as to whether it would be more efficient. While 14 per cent of respondents gave answers with an extremely negative score of just 1, only 2 per cent of respondents provided an extremely positive score of 10. Nevertheless, the overall boundary of discourse spanned the full range of 1 to 10 points.

A7. In the future, Britain's naval sea power should not simply be funded from taxation. One can imagine a time when various forms of private money will be used to fund the production of naval sea power?		
Overall Mean Average		6.06

Concerning the future funding of Britain's naval sea power, the opinion forming fifty scored a slightly positive mean average of 6.06 when presented with the statement: 'One can imagine a time when various forms of private money will be used to fund the production of naval sea power'. While 26 per cent of respondents gave answers within the 5 to 6 point range, 52 per cent scored 7 to 10 points. Overall, the boundary of discourse spanned the full 1 to 10 point range.

A8. If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good?	
Overall Mean Average	8.06
A10. If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good?	
Overall Mean Average	4.66

The research found that while the opinion forming fifty were very positive towards the statement, “If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good”, scoring 8.06, they were slightly negative (scoring 4.66) towards to the converse statement: “If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good”.

Q8	1	2	3	4	5	6	7	8	9	10
Frequency Totals	1	1	0	2	0	4	8	9	8	17 = 50
Q10										
Frequency Totals	7	2	7	9	4	7	12	0	1	1 = 50

While the mean average results suggest that the opinion forming fifty believe that if a market in naval defence existed (however interpreted) this would not stop some of it being run by government because naval sea power is a natural public good (however defined and interpreted), it is interesting to note that in response to both these statements the boundaries of discourse ranged over the full 1 to 10 point spectrum.

A9. Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation: private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all?	
Overall Mean Average	8.86
A11. Because naval sea power requirements are unpredictable some costs will always have to be covered by private arrangements such as corporate funding, insurance, donation and/or sponsorship?	
Overall Mean Average	6.86

Similarly, the research found that while the opinion forming fifty responded very positively to the statement, “Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation: private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all”, scoring 8.86, respondents were also positive towards to the converse statement (scoring 6.86) that: “Because naval sea power requirements are unpredictable some costs will always have to be covered by private arrangements such as corporate funding, insurance, donation and/or sponsorship”.

Q9	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	0	0	1	0	1	2	7	6	4	29 =	50
Q11	1	2	3	4	5	6	7	8	9	10	Avg.
Frequency Totals	2	1	2	3	3	7	9	11	7	5 =	50

While the individual responses to question 9 were spread over 3 to 10 point range, with question 10 the boundary of discourse again ranged over the full 1 to 10 point spectrum denoting a wide range of opinions and debate.

Q12. How do you react to the following statement: *“Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation?”*

In response to the statement in question 12, “Just as in past centuries British naval sea power was often privately provided, for example through the East India Company, so in the future more naval sea power is going to be provided through greater privatisation”, it is clear from the research that an overwhelming majority of the opinion forming fifty responded positively. The defence correspondents from the national press and media were divided into three groups. There were those who agreed with the statement, those who added caveats and those who disagreed with it. First, there were three journalists who agreed with the statement. Second, there were four journalists who generally agreed with the statement but added caveats concerning regulation, time, private sector capacity and degree of privatisation. Third, there were also three journalists who disagreed with the statement.

Members of the House of Commons Defence Select Committee were divided into two groups. There were those who agreed with the statement but added caveats and those who disagreed with it. First, there were six MPs who agreed with the statement but added caveats concerning private sector capacity, regulation, the role of overseas organisations and the need for integrated protocols and communications. Second, there were four MPs who disagreed with the statement. Their concerns centered on the necessary role of state power; the power of corporations; the threat of mercenaries; and the need for financial and voter accountability.

The senior defence policy and think tank players were divided into three groups. There were those who agreed with the statement, those who added caveats and those who disagreed with it. First, there was five defence policy and think tank players who agreed with the statement: “This government will progress privatisations”; “Yes, one cannot disagree with that”; “The future should be more genuine privatisation”; “As the private sector’s capacity to

deliver grows so more public private partnerships will become viable without threatening democratic governance”, and; “The future will probably have more embedded public private partnerships and privatisations”. Second, there were three respondents who generally agreed with the statement but added caveats concerning fear, democratic governance and anarchy: “It would be scary if we went back to the sort of world of the East India Company. But maybe that is where we are going. I don’t know”; “There will be a lot more partnerships with the private sector in the future. But it will have the right democratic governance”, and; “...privatisation must not stray into anarchy.” Third, there were two respondents who disagreed with the statement. While one asserted, “Nothing is inevitable. Depends what politicians want the state to do in the future”, the other concluded: “The government should fund the Royal Navy properly. This is an uncertain world and the government has a duty to defend the country first”.

The Royal Navy defence and security academics were divided into three groups. There were those who agreed with the statement, those who added caveats and those who disagreed with it. First, there were five Royal Navy defence and security academics who agreed with the statement: “totally agree”; “inevitable”; “it will happen”; “there will be partnerships”; “the navy [has] always had private partnerships, it is about degree and balance”. Second, there were three respondents who added caveats: “over governance arrangements”; “it is about government taking the lead within legitimate boundaries”; and “problematic boundaries about the public and private sectors”. Third, there were two respondents who disagreed with the statement. While one asserted the “defence of the realm [should have] “the first call on taxation”, the other concluded: “What applied in the past doesn’t necessarily do so now”.

The final subgroup to respond to the statement was the senior naval service officers. This group was divided into three groups. First, there were eight respondents who supported the statement: “Naval sea power will have more private input in the future”; “No doubt of that”; “Totally agree”; “Agree”; “Probably”; “Very clear. Yes, I guess so”; “Naval defence always needs

private sector input...There will be a lot of privatisation in the future”, and; “I don’t know where private partnerships will take us. I suspect it has further to go”. Second, there was one respondent who generally agreed with the statement but added caveats concerning legitimacy and state power: “Governance and legitimacy are more important than ownership issues. That said, the two are linked. If you weaken the military you weaken the state”. Third, there was one respondent who disagreed with the statement on the grounds of historicism: “There are many examples of private fleets in the past and maybe the future will look more like that. But I am mindful that predictions are very difficult”.

Q12. How do you react to the following statement: <i>“Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation?”</i>			
	Agree	Agree with Caveats	Disagree
Defence correspondents national press and media	3	4	3
Members HoC Defence Select Committee	0	6	4
Senior Defence Policy/Think Tank Players	5	3	2
Royal Navy, Defence and Security Academics	5	3	2
Senior Naval Service Officers	8	1	1
Totals	21	17	12

Overall, 21 respondents (41 per cent of those surveyed) agreed with the statement while 12 (24 per cent) disagreed. The rest, 17 (34 per cent) generally agreed with the statement but only by expressing caveats. Their concerns included issues such as: regulation, time, private sector capacity, degree of privatisation, role of overseas organisations, integrated protocols and communications, fear, democratic governance, anarchy, legitimacy and cohesiveness of the state.

By far the most supportive subgroup category of the statement were the senior naval officers (Agree: 8; Agree with Caveats 1; Disagree 1) followed by Royal Navy defence and security academics and senior defence policy and think tank players who followed in equal measures scoring: Agree 5; Agree with Caveats 3; Disagree, 2. While defence correspondents in the national press and media were more evenly spread across all three options (Agree 3;

Agree with Caveats 4; Disagree 3), it is noticeable that no member of the House of Commons Defence Select Committee unreservedly agreed with the statement. This subgroup category scored: Agree 0; Agree with Caveats 6; Disagree 4.

5.6 Ideological Cleavages and Issues of Causation

Overall, the initial research found that the opinion forming fifty were positive towards their perception(s) of the modernisations and shifts in governance that had already taken place, such as the privatisation of the Royal Navy's dockyards and the Royal Maritime Auxiliary Service. The research found that respondents were also positive towards the government's policy of allowing British merchant ships to carry private armed guards and even the statement that "one can imagine a time when various forms of private money will be used to fund the production of naval sea power". While the research uncovered negative attitudes towards the contracting out of all Royal Navy personnel training, the privatisation of the Royal Fleet Auxiliary, and the "idea of the Royal Navy not owning many of its warships", in all these areas, the opinion forming fifty displayed wide and varying degrees of disagreement and therefore deemed the issues to be controversial yet part of the discourse.

Nowhere are the shifting boundaries of conversation and its controversies more clear than when it comes to the funding of British naval sea power in the context of notions of market and state failure. For the research found that while the opinion forming fifty reacted positively to the statement, "If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural public good", and they were slightly negative towards the converse statement, "If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural private good", it is important to note that in response to both these statements discourse ranged across the full frequency spectrum.

Similarly, the research found that while the opinion forming fifty responded positively to the statement, “Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation: private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all”, respondents were also positive towards to the converse statement, “Because naval sea power requirements are unpredictable some costs will always have to be covered by private arrangements such as corporate funding, insurance, donation and/or sponsorship”. Again emphasising the breadth of discourse and therefore disagreement, individual results were spread widely across the frequency spectrum.

Significantly, the research also found that elite attitudes to the history of private sector involvement in the production and operation of British naval sea power and its potential relationship to an even more privatised future is similarly divisive. Concerning the statement “Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation”, a clear majority, 76 per cent, either agreed with the statement or agreed citing caveats. Further signaling the post-Weberian realities of a differentiated polity and a new era of governance, only 24 per cent disagreed.

Together, these research findings not only highlight the extent to which market ideas and the realities of a differentiated polity have become an integral part of elite ideation but they also serve to expose the controversial nature of the discourse concerning legitimation and governance in the political economy of ‘core state’ force and violence.

Moreover, whereas in Chapter II (above) Anderson and Gifford argued that in the 19th century privateering had been undermined in part by naval officials strategically positioned within the state apparatus, “the extinction of privateering was a least partly the result of rent seeking by established political bureaucracies....” (Anderson & Gifford, 1981: 118), and again, “public

navy officers and other officials fought a running battle against the commissioning of privateers for centuries....the navies went to great lengths to harass their private competitors and to generally restrict their ability to compete” (Anderson & Gifford, 1981: 118), the initial research data suggests that the “centuries old battle between the privateers and the public navies” has now witnessed a degree of attitudinal change. For what is particularly striking about the initial research findings are the variations in opinion between the different respondent groups and the ideological cleavages that they represent.

Away from the rationalistic simplicities of public choice theory (mentioned in Chapter II) and speculation that public naval officers might be inherently opposed to ideal type constructs of private naval markets (however defined and interpreted), today, this can no longer be said to be the case. Viewed from the perspective of an ‘ideal type’ free market, it is the naval officers surveyed who are more open to, supportive of, and/or feel the inevitability of a hollowing out of the core state in naval sea power than any other category surveyed (see Table 6 below).

The data demonstrates clearly that when it comes to the pro-free market stance (whether positive or negative), the mean averages of the respondent categories put naval officers first at 6.42, senior defence policy and think tank experts second at 6.11, members of the House of Commons Defence Select Committee third at 6.08, defence correspondents from the national press and media fourth at 5.85 and, lastly, naval, defence and security academics fifth at 5.38.

	Media	Politicians	Think Tanks	Academics	Naval Officers	Overall Mean Average
Q1 Dockyard Privatisation	6.5	7.4	8.0	7.2	8.5	7.52
Q2 RMAS Privatisation	5.4	6.9	7.9	6.4	8.1	6.94
Q3 Private Armed Guards	8.5	8.6	8.1	7.6	7.4	8.04
Q4 RN Training Privatisation	4.5	4.3	3.7	2.3	3.1	3.58
Q5 RFA Privatisation	5.6	5.1	5.5	4.4	4.4	5.00
Q6 RN Warship Privatisation	5.7	5.7	4.7	4.7	4.7	5.10
Q7 Private Funding Naval Sea Power	5.7	5.7	5.8	6.0	7.1	6.06
Q10 Naval Sea Power Private Good	4.5	5.5	3.4	3.8	6.1	4.66
Q11 Inadequacy Public Funding Naval Sea Power	6.3	5.6	7.9	6.1	8.4	6.86
Ideal Type Mean Average	5.85	6.08	6.11	5.38	6.42	5.96

Table 6. Libertarian Free Market ‘Ideal Type’ Results by Respondent Groups.

While it is difficult to infer causal reasoning to the data, it is now clear that it is those respondents most familiar and closely associated with the realities and policy consequences of the 'spear of force', who appear to be the most amenable (for whatever reason) to highly differentiated and networked forms of non-state legitimation, governance and idealised versions of the NPM-market paradigm. While the three groups most closely associated with the delivery and policy of the core state's spear, namely, naval officers, policy experts and politicians, provide the most market-oriented responses, those further away from the spear follow. Perhaps tasked with roles that require greater levels of independent reasoning and critical, defence correspondents from the national press and media, and naval, defence and security academics are less market-oriented.

The point about the comparative market-orientation of the naval officers surveyed, is further highlighted by the data generated in reaction to the statement in question 12: "Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation". While 9 out of 10 naval officers either agreed with the statement, or agreed with caveats, a similar view was held by 8 out of ten of the policy experts surveyed (see Table 7 below). While journalists followed with a comparatively low score of 7, on this occasion, politicians swapped their rank with the academics surveyed. Whereas 8 out of 10 academics agreed with the statement, or agreed with caveats, politicians only scored 6 out of ten on the same basis. On this key question, politicians gave the lowest overall score.

	Agree/w caveats	Disagree
Media	7	3
Politicians	6	4
Think Tanks	8	2
Academics	8	2
Naval Officers	9	1

Table 7. Score and Ranking for Open-ended Question on Future Political Economy of British Naval Sea Power.

Finally, the initial research demonstrates that when it comes to viewing naval sea power as a natural public good and/or something for which private funding will always be ‘inadequate’ (however defined and interpreted), the mean averages of the respondent categories placed think tank policy experts in the first rank scoring 8.80, with politicians, scoring 8.55 in second place. For these two groups formally tasked with legitimated public policy formulation, the ideas of naval sea power being a natural public good and/or something for which private funding will always be ‘inadequate’ seems to make the most sense. Whilst all five groups scored within a statist and relatively narrow 8.05 to 8.80 range, naval officers followed in third place, scoring 8.60, followed by academics scoring 8.30 and then, finally, national media journalists who scored 8.05 (see Table 8 below):

	Media	Politicians	Think Tanks	Academics	Naval Officers	Overall Mean Average
Q8 Naval Sea Power as Public Good	7.9	8.3	8.1	7.3	8.7	8.06
Q9 Inadequacy of Private Funding of Naval Sea Power	8.2	8.8	9.5	9.3	8.5	8.86
Ideal Type Mean Average	8.05	8.55	8.80	8.30	8.60	8.31

Table 8. Command and Control State ‘Ideal Type’ Results by Respondent Groups.

5.7 In-Depth Interviews

It is in following up these initial research findings that additional research was conducted between 25 August and 10 September 2012. To further clarify the conceptual boundaries of discourse concerning notions of NPM market and PA state failure amongst Royal Navy opinion formers, follow-up telephone interviews were conducted which centred around two open-ended questions. Ten respondents from the original sample were interviewed: two from each subgroup category. The author undertook all the interviews and as with the previous research anonymity was assured throughout. Question 1 required an open-ended response to the following question: “In naval sea power, what would be the consequences of a genuine private market system?”

In response to the statement, the two defence correspondents in the national press and media stressed problems which included “insecurity of supply”, “questionable responses”, “some failures in coverage”, “pandemonium” and even, “Chaos, private firms need profits to survive, therefore need war and conflict for their goods and services to be used: privatisation would make countries the tools of the defence firms”. On the other hand the respondents

also stressed a range of perceived efficiency gains: “boost to innovation and research resulting in value for money”, “more investment”, “would necessarily mean more efficiency on a large scale”, “more research and development of cutting edge technology”, “could work in theory in terms of ensuring a more efficient and cost effective sector” and even “greater accountability”.

While there was some concern with a range of economic issues such as a “private monopoly risk”, “too higher costs”, “may not deliver the investment to meet unexpected events” and “always need state funding”, the journalists were concerned with the efficacy of a fully privatised world: “mercenary forces could rise up”, “confusion and issues around secrecy and loyalty”, “private forces would not be answerable to the government, resulting in political coups or civil war” and finally, “where would the checks and balances exist to safeguard society against the rogue elements in the private security sector?”. While one journalist was concerned with issues of probity and equity, “the richest would be in charge of defence, danger of some poor areas of the UK not being defended”, “security and defence provision could be compromised by private/sectional interests”, “would lead to conflicts of interests among investors whose businesses maybe concerned with natural resources when the resources become the source of political conflict”, “who owns what?”, there was also the view that increased competition could result in more innovative products and services: “more money and extra incentives in terms of competition”, “issues of secrecy and the sharing of ideas and technologies, cutting edge technology in defence would once again prove reliable”, “cutting edge innovation but an over-reliance on money value and materials rather than effectiveness”.

In response to the statement, the two members of the House of Commons Defence Select Committee interviewed found it difficult to imagine such a world of market-based governance. Envisaging “significant market losses” one respondent assumed that in such a world “state intelligence would be kept secret.” The other commented: “Confusing, and raises issues of ownership, control and responsibility”. While one forecast a “massive public outcry forcing government to take it back after private military companies balls

it up” the other worried in the following terms: “natural monopolies would arise and warlords rise up similar to the middle east”, “...unpredictability of the government’s ability to respond to events”, “disastrous”. Finally, while one respondent claimed that such a market would lead to “greater efficiency and [would be] more outcome focused” both complained it would also deliver “less *esprit de corps*”.

While the two respondents in the senior defence policy and think tank players category welcomed the prospect of a full blown private market in naval sea power stating it would “increase provision and advances in military technology”, “cutting edge technology and healthy competition which would be a good thing for all services”, one respondent was concerned that a “strong design and innovative infrastructure...could become very money and value oriented”. The other asserted: “natural competition, profit driven, little guarantee of quality outside of those imposed by market forces”. Moreover, while one respondent expressed concerns which centered on issues of probity and morality, “corruption”, “loyalty and moral concerns”, the other related the statement directly to the Royal Navy and asserted: “the navy should be ultimately run by HM government, privatisation opens the door to anarchy and raises moral questions of patronage. Privatisation has to be bound by this reality”.

For the two Royal Navy defence and security academics interviewed there was an overriding concern with the sanctity of the state: “without government or state involvement the results could be catastrophic”, “threat to national security”, “no guarantee of universal provision or democratic accountability”, “questions and issues surrounding the defence of the realm, not a job for individuals, the state has a role”, “chaos”, and: “the command structure would no longer be a moral and disciplined ritual, money becomes the tool by which orders are obeyed in terms of the front line”. Perhaps significantly, the two respondents in this category offered a particularly wide range of opinions. While one asserted that the “rule of law depends on state control of defence”, the other commented: “unable to respond quickly, no single authority”, “enterprising and cutting edge, could expose some areas of defence if the

state was removed completely”. Finally one respondent offered a detailed commentary that encompassed a range of opinions: “Danger of anarchy. Inevitably, all governments would wish to create some form of regulatory framework to cover weaponry - as nuclear weapons in private hands are not desirable. Greater innovation in funding and range of services plus the reduction in ‘prestige/ego’ projects by governments or states. Defence industry ownership of not just the hardware but also the operators of weapon systems/platforms. Possible polarisation between haves/have not’s both within a particular state and between states. Sales of security and defence services between states and supra national organisations: UN, NATO, SEATO, EU etc.” Finally, while both respondents saw attributes in a market for naval sea power, “more competition for contracts resulting in a flexible and cost effective training and procurement service for the military”, “decrease of tax payers money, more focused market driven, sharpening in provision, design and development”, they also accepted such a world would demand a “radical transformation of the political system”.

Question 2 requested open-ended responses to the statement: “In naval sea power what would be the consequences of a genuine state-run system?” In response, the two defence correspondents in the national press and media argued that a state run system would be too bureaucratic and inefficient: “overly bureaucratic and wasteful”, “inefficiency and loss of choice”, “rigid system of bureaucracy and under funding that would be hidden from the public eye”, “too bureaucratic, money would be wasted, not enough time spent on development of key resources, the state would do it all on the cheap”, “less accountability and less responsiveness to the demands of the public”, “risk of overspend and supply”. While one respondent asserted “full control but with limitations”, the other commented: “The state should control security and defence so that decisions are in an ideal world taken for the good of the people not the shareholders”. Finally, while one respondent argued that what was needed was “a balance between the two” sectors, the other concluded: “The dangers of a state system could be an inefficient, overblown sector which would be closed to the efficiencies the private sector could bring”.

While members from the House of Commons Defence Select Committee expressed less concern with the issue of state bureaucracy, the theme nevertheless did arise twice: “heavily bureaucratic”, “bureaucracy and lack of cutting edge development; although it seems logical in terms of defence to have it under government control for international safety”. Much more prevalent amongst these two respondents was a concern for “what we have now”. While one respondent said, “theoretically a state run system should be able to act impartially and avoid accusations of financial interests”, the other saw state funding in a very different light: “not enough funding”, “under funding resulting in under performance”, “less investment where it is needed and more slip-ups in planning”. While one MP believed state security and defence led to “more control of investment”, the other believed it engendered “loyalty, trust and [the] organisation of economic and production programmes”.

In response to the statement, the two senior defence policy and think tank players commented: “confusion with no one seemingly in charge”. Displaying skepticism over a state run system in naval sea power, particularly in terms of efficiency, they asserted: “poor provision of defence”, “inefficiency”, “lead to inefficiency in provision of naval services”, “waste, inefficiency and a conservative approach, money will be wasted and inconsistency with policy and implementation, problems also with risk calculations and a less rapid response”. Sticking to this theme one respondent concluded: “Inefficient, risks in moving towards a dictatorship. It is also immoral in terms of the state’s ability to supply complete security. Ultimately, it limits people’s abilities and rights to defend themselves.” Moreover, one respondent in this subgroup category commented that under a full blown state system of naval sea power there would be: “Too much number crunching and acquisition of kit that is useless but looks good in a magazine”. While only one respondent stated that the problems would be “less than those problems faced through privatisation” the other concluded: “We’re practically there already!”

Respondents in the Royal Navy, defence and security academics category generally displayed a wide range of concerns. While one was concerned with issues of inefficiency, “great deal of inefficiency”, “concerns over efficiency”, “inefficiency and high cost”, “although the state should retain some authoritative control, total control would result in a less cutting edge system clouded in paperwork and debate”, “an absence of competition would result, massive over-runs and over-spending coupled with bad timescales and poor investment”, the other respondent asserted, “would be effective if the government behaved responsibly”; “the state must control all legal uses of violence in the national interest.” With one respondent believing that the “state system should be seen as an authoritative governor to the private market, state control limits the amount of research into new technology in terms of finance”, the other concluded: “Reduction in navy and defence spending unless immediate threat visible. Greater reliance upon defence organisations and treaties. Cross-national defence projects that would probably be as costly and inefficiently run as at present! We have passed this point, it could be argued that the period 1945–1995, the period that was the stalemate extension of WWII, was the highest point of the full blown state system reflecting the old ‘balance of power’ concept. Nowadays, defence and security is already fragmented and this change is probably irreversible.” Finally, one respondent in this subgroup category reacted with profound hostility to the idea of a genuine state run system in naval sea power and defence more widely: “Totalitarian mass murder. Around the world most state militaries act against the interests of peace and people. Most state military and security services violate their ‘own populations’ more than private companies could ever get away with. When people foolishly complain of private mercenaries: think of what governments, as protection rackets, have wrought throughout human history.”

The two senior naval service officers surveyed were more supportive of the idea of a genuinely state run system than the other respondent categories: “if managed properly it would provide defence cover for everyone, far more disciplined approach to warfare or peace keeping”, “total security”, “high quality provision of service but at a high financial cost, political factors could

affect funding around election time”. While one respondent commented that such a world would “need to be clear in respect of roles and regulations, state control gives less of a problem of mutiny”, the other was more skeptical: “blinkered thoughts”, “corruption and too much target setting without enough groundwork to satisfy the demands”, “a very dated and vulnerable defence system”, “could be bureaucratic, but more organised if it was run properly”. Perhaps interpreting the statement purely in terms of a democratic state one respondent commented: “very restrictive and less cost effective: defence and security would not be a top priority”. The other complained: “governments try to do everything on the cheap; current administration is inept”. Significantly, both respondents associated a genuine state run navy with bureaucracy, inefficiency and a lack of innovation: “bureaucracy”, “possible loss of value for money”, “limited growth for defence technologies and innovation”. While one respondent anticipated the “continuation of defence cuts”, another commented: “Secure system of morality with regards to the defence of the realm but more at risk of mistakes in procurement of appropriate equipment”. While one respondent believed it would result in “chaos” and said it would lead to “too much waste”, the other questioned the state’s impact in terms of efficiency and innovation: “maximum taxpayer risk and cost”, “dated systems which would affect the operational ability of the armed forces”, “over complexity would damage future innovation”, “a far too rigid system with little room for manoeuvre on certain issues”, “over reliance on structure and deliverance which affects the final effectiveness”.

5.8 Conclusion: Changing Discourse on the Political Economy of Governance

Overall, the research from the in-depth interviews with the Royal Navy’s opinion formers found that many respondents now believe both a full-blown private market (however defined and interpreted) and a pure state system (however defined and interpreted) would ultimately deliver forms of naval sea power that are similarly prone to bureaucracy, inefficiency, under provision, poor accountability, low quality and varying degrees of adverse monopoly

(see Tables 9 and 10 below). Moreover, while many respondents believe that greater degrees of marketisation might offer improvements in efficiency, technological innovation and even peace, the state and the free market are both ultimately viewed as being potentially similar drivers when it comes to inefficiency, chaos and authoritarian monopoly.

Good Politically	Bad Politically
Greater Accountability	Pandemonium
	Chaos
More outcome focused	Privatisation would make countries the tools of defence firms
	Mercenary forces could rise up
Reduction in 'prestige/ego' projects by governments/states	Confusion and issues around secrecy and loyalty
	Private forces would result in political coups or civil war
Sales of security and defence services between states and supra national organisations	Would lead to conflicts of interests among investors whose businesses
	maybe concerned with natural resources as sources of political conflict
Enterprising and cutting edge	Security and defence provision could be compromised by private sectional interests
	Issues of secrecy and the sharing of ideas and technologies
	Massive public outcry forcing government to take it back after private
	military companies balls it up
	Confusing, and raises issues of ownership, control and responsibility
	Natural monopolies would arise and warlords similar to the middle east
	Unpredictability of the government's ability to respond to events
	Danger of anarchy
	Rule of law depends on state control of defence
	Unable to respond quickly, no single authority
	Corruption
	Nuclear weapons in private hands not desirable
	Command structure no longer be a moral and disciplined ritual
	Money the tool by which orders are obeyed in terms of front-line
	Without government/state results could be catastrophic
	No guarantee of universal provision or democratic accountability
	Defence of the realm, is not a job for individuals, the state has role
Good Economically	Bad Economically
Boost to innovation	Insecurity of supply
More efficiency on a large scale	Failures in coverage
More cutting edge technology	Private monopoly risk
More cost effective	Too higher costs
Technology would once again prove reliable	May not deliver investment to meet unexpected events
Increased provision	Always need state funding
Advances in military technology	The richest would be in charge of defence
Healthy competition would be a good for all services	Danger of poor areas not being defended
Greater innovation in funding and range of services	An over-reliance on money value and materials rather than effectiveness
Decrease of tax payers money	Significant market losses
More focused and market driven	Possible polarisation between haves/have not's both within a particular state and between states
Sharpening in provision, design and development	Little guarantee of quality outside of those imposed by market forces
Flexible and cost-effective training and procurement	

Table 9. Boundaries of Discourse on Consequences of a Genuine Private Market System in Naval Defence.

When it comes to the core issue of legitimation in the production of force and violence the research findings lay bare for the first time, controversies that are framed by highly relativist forms of conceptualisation and discourse. Now proactively questioning such notions as 'efficiency' and 'democracy' as

sustainable and adequate rubrics of legitimation, the research has highlighted significant levels of uncertainty and/or confusion amongst the elite opinion formers surveyed.

Good Economically

More control of investment
Organisation of economic and production programmes

Bad Economically

Overly bureaucratic and wasteful
Inefficiency and loss of choice
Rigid system of bureaucracy, under funding hidden from public eye
Inefficient, overblown state would be closed to private sector efficiencies
Not enough funding
Under funding resulting in under-performance
Less investment where it is needed
Inefficiency
Lead to inefficiency in provision of naval services
Too bureaucratic, money wasted, not enough development of key resources The state would do it all on the cheap
Great deal of inefficiency
Concerns over efficiency
Inefficiency and high cost
Too much waste
Waste, inefficiency and a conservative approach, money wasted, inconsistency with policy and implementation, problems with risk calculations and less rapid response
Too much number crunching and acquisition of kit that is useless but looks good in a magazine
Continuation of defence cuts
Possible loss of value for money
Limited growth for defence technologies and innovation
Maximum taxpayer risk and cost
Too bureaucratic, money wasted, not enough development of key resources
Risk of overspend and supply
Governments try to do everything on the cheap
Less cost effective
Cross-national defence projects would probably be as costly and inefficiently run as at present!
An absence of competition would result, massive over-runs and over-spending coupled with bad timescales and poor investment
High financial cost

Good Politically

Full control but with limitations
Loyalty and trust
The state should control security and defence so that decisions are in an ideal world taken for the good of the people and not the shareholders
Theoretically a state run system should be able to act impartially and avoid accusations of financial interests
We're practically there already!
What we have now
Less than those problems faced through privatisation
Total security
Seems logical to have defence under government control for international safety
Secure system of morality with regards to the defence of the realm
More organised if it was run properly
A balance between the two sectors
Greater reliance upon defence organisations and treaties
We have passed this point, it could be argued that the period 1945–1995, the period that was the stalemate extension of WWII, was the highest point of the full blown state system reflecting the old 'balance of power' concept. Nowadays, defence and security is already fragmented and this change is probably irreversible
Would be effective if the government behaved responsibly
The state must control all legal uses of violence in the national interest
State system should be seen as an authoritative governor to the private market, state control limits the amount of research into new technology in terms of finance
If managed properly it would provide defence cover for everyone, far more disciplined approach to warfare or peace keeping
Need to be clear in respect of roles and regulations, state control gives less of a problem of mutiny
Political factors could affect funding around election time
High quality provision of service

Bad Politically

Heavily bureaucratic
More slip ups in planning
Poor provision of defence
Confusion with no one seemingly in charge
Blinkered thoughts
Chaos
Less accountability and less responsiveness to the demands of public
A very dated and vulnerable defence system
Totalitarian mass murder
Most state militaries act against the interests of peace and people
Most state military and security services violate their 'own populations' more than private companies could ever get away with
When people complain of private mercenaries: think of what governments, as protection rackets, have wrought throughout human history
Bureaucracy
Dated systems which would affect the operational ability of the armed forces Over complexity would damage future innovation
A far too rigid system with little room for maneuver on certain issues
Over reliance on structure and deliverance which affects final effectiveness
Defence and security would not be a top priority
Bureaucracy and lack of cutting edge development
More at risk of mistakes in procurement of appropriate equipment
Current administration is inept
Very restrictive
Corruption and too much target setting without enough groundwork to satisfy the demands
Although the state should retain some authoritative control, total control would result in a less cutting edge system clouded in paperwork and debate
Reduction in navy and defence spending unless immediate threat visible
Risks in moving towards a dictatorship
Immoral in terms of the state's ability to supply complete security as it limits people's abilities and rights to defend themselves

Table 10. Boundaries of Discourse on Consequences of a Genuine State-run System in Naval Defence.

It is in this epistemological context that this study's research has found a changed discourse amongst opinion formers concerned with Royal Navy modernisation and the broader future of British naval sea power. For while many remain critical of developments over the last thirty years, a clear majority now accept that enhanced outsourcing, PPPs and privatisation are not only set to remain for the foreseeable future, but that many of the challenges and opportunities they represent are more similar to older models of political economy than many NPM theorists and others concerned with PA, governance and even the hollowing out of the state necessarily articulate.

Instead of 'the state' or 'the market' standing in isolated opposition to one another, for many of the respondents surveyed both of these ideal type constructs are more powerfully viewed as cosmological wormholes that overtime lead back into each other's consequential realities of governance and complexity. It is in this context that Royal Navy outsourcing, PPPs and privatisation are indeed more powerfully viewed through the evolutionary prism of 'back to the future' than any perspective which seeks to argue that they represent a fundamental departure, or irrevocable deviation, from that which has gone before.

As is clear from the research, NPM and its drivers of change in governance have not only facilitated policy networks that ideationally and proactively embrace economic tools such as privatisation and outsourcing, but in so doing they have in many ways engaged a rediscovery of older forms of differentiated polity and statecraft that echo and resonate with pre-Weberian forms of thought and practice. With 'core state' actors in and around the UK's senior military service are no longer able to clearly and definitively articulate high degrees of certitude when it comes to the superiority of the state over the market, or *vice versa*, it is clear that there are those within the state's core who are not only willing and able to 'think the unthinkable' in terms of political economy and privatisation but that their existence and outlook is increasingly consonant with the general thrust of the 'hollowing out of the state' thesis. Increasingly devoid of a Weberian narrative that justifies the nation state's

monopoly over the use of force, their boundaries of discourse and uncertainty denote an underlying legitimisation crisis (Habermas, 1975) in which varying modes of governance, accountability and performance are open to ongoing and, as yet, unresolved debate.

Operating across formal and informal networks of policymaking and implementation which increasingly interlink and reinforce relationships between governmental and private sector actors with new and dynamic forms of structure, interests and nexuses, today's Royal Navy opinion formers are not simply at the cutting edge of important discourse, but many increasingly find themselves searching for new ways with which to make sense of their legitimate place in an increasingly complex and uncertain political economy. It is in this context that the boundaries of discourse found in and around the Royal Navy's opinion formers strongly resonate with Bevir and Rhodes' 'decentered theory', as grounded on the idea of situated agency (Bevir and Rhodes, 2006 and 2010). From this perspective, institutions, practices and/or socialisation do not simplistically predetermine or predict how people will behave, as all courses of purposeful action are necessarily contingent upon individual choice and free will. People's actions are not merely explained by their beliefs (or meanings and/or desires), as any one belief is itself interpreted and mediated in the context of the wider web of a person's beliefs, and these beliefs are in turn explained by an array of traditions that are modified overtime by dilemmas. From this perspective, a tradition (or paradigm) is the set of theories against which a person comes to hold beliefs and perform actions. A dilemma arises whenever novel circumstances generate a new belief that forces people to question their previously held view(s).

For Bevir and Rhodes (2006 and 2010) the sort of ideational change and uncertainty highlighted in the research is itself a reflection of the dilemmas in political economy faced by the respondents. While individual responses to the dilemmas of the idealised state or market may be grounded in Royal Navy traditions and beliefs which have themselves evolved within the context of the Weberian nation-state, overtime, such a paradigm can be mediated, modified

and adapted as required by the demands of new realities and circumstance. If new realities of provision, funding and partnership are what are required, then new forms of ideation, practice and 'tradition' will be internalised and practiced.

In Rhodes article, 'The Hollowing Out of the State', he writes that: "The phrase "the hollowing out of the state" suggests that the British state is being eroded or eaten away" (Rhodes, 1994: 138) not least from the inside out. Viewed from his perspective, the hollowing out thesis primarily concerns a fundamental erosion of the centre of the nation state including its Weberian core. However, while *de jure* political power may still remain with a nation state, and its capacity to project and utilise its *de facto* power may vary overtime, this does not necessarily preclude a variety of core state capacities being transferred or restructured to local and/or regional levels of governance under some form of disparate public and/or in part private 'crown' (Saward, 1997). For as the libertarian theorist Paul Birch (1998) acknowledges similarly to Rhodes (see Chapter IV above), and many of the respondents in the research suggest, the private market's capacity to recreate forms of quasi-state territorial and spacial monopoly are not necessarily or in any way inconsonant with the 'messy', contingent and ever shifting realities of actual history, ideation and practice. When viewed from the broader perspective of the history of warfare, the *de facto* production of force and violence has rarely, if ever, been a matter for purely idealised states or free markets. In terms of legitimacy and practice, force and violence has often conjoined differentiation(s) across the spectrum of political economy (see Chapters III and IV above) and geography (Birch, 1998).

Whilst in the minds of many of the opinion formers surveyed, the Westminster system has already substantially transitioned from a Weberian bureaucracy to self-organising policy networks, and new forms of governance point towards a tendency to guide overall policy rather than proscriptively specify detail, so the significance and impact of the shift from government to governance and from bureaucracy to diffuse networks in and around civil and commercial society becomes clear.

As if mindful of the implicit failings of idealised states and pure free markets, when it comes to epistemology, economy and legitimacy, the research not only presents a general skepticism towards politicians and 'politics as a process', but it also presents a skepticism towards economics and its attendant themes of 'efficiency' and 'performance'. Generally supportive of the notion that overtime each paradigm leads back to the other, many of the respondents seem to default to a resigned acceptance of the 'messiness' of the human condition and its imperfect, complex and contingent reality.

Whilst since the late 1980s UK governments have seen themselves as international leaders of public sector and management reform and that the country has arguably witnessed a 'parade of the paradigms' which, in addition to privatisation, included networks, partnerships, targets, decentralisation and diversification (Pollitt, 2013: 468), for Pollitt, ongoing reform has been undertaken despite their being little if any hard evidence concerning actual outcomes. Arguing that there has often been a lack of sustained interest in specific reforms and difficulties in designing and implementing monitoring and evaluation programmes (Pollitt, 2013), he cites UK exceptionalism and ideology as being key factors.

For Pollitt, UK exceptionalism centres on four key factors that serve to "lower political costs and reduce veto points for management reforms" (Pollitt, 2013: 474). The first is the comparatively 'light' legal procedures often required for substantive machinery changes. Typically reliant on organisational changes and statutory instruments as opposed to major pieces of primary legislation (Pollitt, 1984; 2007: 529-43), many programmes such as Next Steps agencification (1989-97) have been carried out without a single statute or parliamentary debate being required. Second, as one single political party after another has formed most British governments, so intra-coalition compromises were not necessary between 1979 and 2010. Third, changes to the general machinery of government traditionally have not been a matter for Cabinet discussion and debate but instead sub-committees often headed by Prime Ministers. Fourth, most UK parliaments have been comparatively

uncritical: a Prime Minister with a clear majority in the House of Commons has usually been able to push through his or her preferred option for reform. For Pollitt, these “...four factors are not present to the same combined degree in any other OECD country.” (Pollitt, 2013: 475) Together, they “...mean that, in the UK, the window of opportunity for large-scale reform is almost always at least half-open” (Pollitt, 2013: 475).

Another key motivating factor in ongoing UK public management reform has been the issue of ideology. Whilst in the 1960s and 1970s reforms were often framed in terms of political coordination problems within government and issues of ‘balance’ within cabinets (Pollitt, 2006: 25-44; 2013), overtime, these came to be superseded by the idea that management was an important policy issue in and of itself and that each new administration should arrive in office fully equipped with a ready made reform package. To govern without such a platform and its attendant outreach terminology (open public services; joined up government) was to invite media and electoral criticism. Away from any evidence to the contrary, the view was widely internalised that existing public management models were inevitably inadequate and that large gains could only be delivered by implementing some form of ‘transformation’. As Pollitt notes, even in 2011 “...after 30 years of fervid reform, the old spectre of unresponsive, top-down, monolithic public bureaucracy was wheeled out again” (Pollitt, 2013: 475). He concludes that overtime, “...management became a broad ideology rather than a dusty technical backwater” (Pollitt, 2013: 475). Moreover, while for Hood this ideology has sported some of the characteristics of an organised religion (Hood, 2005: 7-26), for Pollitt: “As management reform has become an ideology, so it has also become a business – a large, thriving, international business in which careers can be made” (Pollitt, 2013: 475). He concludes: “There are now substantial organisational interests, both within and without government, with investments in perpetual change and reform” (Pollitt, 2013: 476).

Whilst the conjuncture of ideology, vested interest and the factors of UK exceptionalism provide a powerful explanatory prism through which to conceptualise the motivational and institutional framework of much public

management reform over recent decades, the research makes clear the extent to which today's opinion formers in and around the Weberian core state experience heightened levels of confusion and uncertainty in the key areas of political economy, governance and legitimacy. Although even the most forceful personalities, leaders and opinion formers are inevitably shaped by their institutional contexts (Cook, 1998) and dilemmas (Bevir and Rhodes, 2006 and 2010), when it comes to accountability, outcomes and legitimacy, more than thirty years of public sector and management reform has resulted in ongoing uncertainty, confusion and polarisation for those proactively involved in its practice and elite discourse. Although the ideational boundaries are broader in the sense that the overall conversation spans and embraces a wider area within the compass of political economy (see Chapters III and IV above), settlement, agreement and consensus remain as contested and elusive as ever.

Whilst twenty-first century Britain can increasingly be viewed as a differentiated polity in which a complex maze of interlinked institutions gain varying degrees of functional autonomy, and the research has highlighted the boundaries of discourse amongst elite opinion formers in and around the Royal Navy as being located within a broader historical, literary and ideational context, Chapter VI goes on to conclude the thesis by arguing that the production of British naval sea power oscillates over the centuries between the cyclical peaks and troughs of a regulated private market and the tax-funded world of variously differentiated public administration.

In challenging Weberian notions of state legitimated monopoly (under whichever system of polity and/or governance), and further clarifying the conceptual boundaries of discourse, the chapter not only presents a powerful critique of NPM and the wider worlds of governance and public administration but it does so with reference to the key dimensions of time, economic complexity and socio-political power. It is to these issues that the final chapter attends.

Chapter VI
Time, Property and Power:
Legitimation, British Naval Sea Power and the
Limits of New Public Management Theory

“Hiring outsiders to fight your battles is as old as war itself. Nearly every past empire, from the ancient Egyptians to the Victorian British, contracted foreign troops in some form or another...

“An important realization in the retelling of military history, from a privatized perspective, is the amazing constancy of such actors in every era. Our general assumption of warfare is that it is engaged in by militaries, fighting for the common cause. This is an idealization. Throughout history the participants in war were often for-profit private entities loyal to no one government.

“In fact, the monopoly of the state over violence is that exception in world history, rather than the rule” (Singer, 2003: 19)

Chapter VI concludes the thesis by arguing that what might have been a fanciful idea to many people only thirty years ago, the idea and practice of outsourcing, PPPs and privatisation in British naval sea power, has now gained widespread support and/or acquiescence in elite opinion forming circles. Having previously located such developments in their historical, literary and contemporary opinion-forming contexts, the chapter demonstrates that British naval sea power oscillates over the centuries between the cyclical peaks and troughs of state and market forms of corporatism. It argues that from an historical and ideational perspective, there is less that is genuinely ‘new’ in so-called NPM theory than is popularly realised by its supporters and detractors alike. Ultimately, Royal Navy modernisation is more powerfully viewed through the prism of ‘back to the future’ and differentiated forms of governance, than any perspective that suggests it represents a major deviation in political economy from that which has gone before.

6.1 New Boundaries of Legitimated Discourse on Force and Violence

To Weber a century ago, the ideal type institutionalisation of the state meant that its use of physical force was the core function of its being. Whilst today economic and security pressures are unbundling many of these functions to the point where force is being re-engaged by the private sector, from a Weberian perspective, this trend represents a fundamental failure and hollowing out of state legitimacy. Undermining its 'quintessential function and signifier of being' (Small, 2006: 12), the research data and findings presented in Chapter V (above) not only delineates the changed boundaries of elite discourse but it does so with reference to the problematic issues of formal and informal policy networks, differentiated governance, uncertainty over outcomes, and the key dimensions of time, economic complexity and socio-political power.

Enhanced by the fact that the data generated is derived from elite respondents in and around the Royal Navy, never before has the question been answered: how do influential agents in and around Weber's nation-state monopoly now conceptualise legitimacy in political economy and what are the implications for New Public Management theory?

Overall, the research suggests that elite opinion formers believe an ideal type state and an ideal type market would ultimately deliver forms of naval sea power that are prone to the symmetrical failings of bureaucracy, inefficiency, under provision, poor accountability, low quality and varying degrees of adverse monopoly. While many respondents believe greater degrees of privatisation could offer theoretical improvements in the areas of efficiency, innovation and even peace, both the ideal type state and free market are similarly viewed as drivers of inefficiency, chaos and authoritarian monopoly (see Table 11 below).

Libertarian Free Market (NPM Ideal Type State Failure Perspective)	Command and Control State (PA Ideal Type Market Failure Perspective)
1. Shared Systemic Ideal Type Failures	
Privatisation leads to perceptions of:	Nationalisation leads to perceptions of:
Bureaucracy	Bureaucracy
Inefficiency	Inefficiency
Under Provision	Under Provision
Poor Accountability	Poor Accountability
Low Quality	Low Quality
Varying Degrees of Adverse Monopoly	Varying Degrees of Adverse Monopoly
Driver of Chaos	Driver of Chaos
Driver of Authoritarian Monopoly	Driver of Authoritarian Monopoly

Table 11. Perceptions of ‘Ideal Type’ Failures in State and Market Based Political Economies.

When it comes to the core issue of legitimation and the political economy of force and violence, the research demonstrates that both the state and the market are now increasingly conceptualised in terms of symmetrical outcomes. Fundamentally questioning the legitimating rubrics and governance of ‘economic efficiency’ and ‘political democracy’, the research exposes high levels of epistemological uncertainty amongst the respondents surveyed.

Echoing much of the libertarian literature presented in Chapter IV, the opinion formers no longer believe naval sea power is a necessary precondition of market activity to be solely funded by taxation. Like Rothbard and Hoppe, they believe a state monopoly of naval sea power would ultimately lead to inefficiency and ineffectiveness and are open to the idea that because “naval sea power requirements are unpredictable some of its costs may have to be covered by various private funding arrangements”.

Interconnected to the issue of funding is the idea of peace and force being a business. Here, echoing Molinari, Spencer, Herbert and Hoppe, the respondents no longer see the demonopolisation and privatisation of force as necessarily leading to worse outcomes in terms of violence or war. When pressed to compare the legitimating rubrics of the state (including democracy) and the free market (however defined and interpreted), many respondents echo Micklethwait's point that while conflict may be bad for business, it is 'only bad for some kinds of business'. Like him, they seem to believe that if nonaggression and peace were demonopolised, they have no idea whether 'entrepreneurs' in private markets would offer better or worse outcomes (products) than 'entrepreneurs' in politics. While some believe they would, there are surprisingly high levels of uncertainty and/or controversy on this point.

While some respondents believe a genuine private market system in naval defence would lead to "chaos", "mercenary forces...ris[ing] up", "civil war", "anarchy", "corruption" and "poor areas not being defended"; others believe that a genuine state-run system in naval defence would likewise lead to "chaos", "totalitarian mass murder", "corruption", "act against the interests of peace and people" and "dictatorship" (see Tables 9 and 10 in Chapter V).

Displaying the same epistemological tensions as found in De Puydt's 'Panarchy', Spencer's 'mutual assurance, joint-stock protection society', and Herbert's 'voluntary protection associations' (see Chapter IV), the respondents appear similarly to be bounded by a discourse on political economy that echoes the ideas of Birch (see Chapter IV) and Rhodes (Chapters II, V, and below). Whilst some respondents clearly see full-blown states as degenerating overtime only to rediscover bottom up markets (for example, the idea that the collapse of the Soviet Union led to high degrees of 'market anarchy' in Russia), many conversely agree with Rhodes and Birch that bottom up markets, eventually lead back to a rediscovery of differentiated polities, tax funded states and diverse forms of governance.

Finally, in responding openly to the statement that links a privately produced past to a more privatised future for British naval sea power, the respondents not only echo Rothbard’s view that it is difficult to predicatively detail such a future, but more importantly, Friedman’s belief that state failure will be the key driver of the private sector’s ongoing expansion.

Just as Micklethwait believes state failure will provide “bigger and better opportunities” for the private sector, and that even if defence is a natural monopoly it will still be better provided by the market (Micklethwait, 1987: 6), so 76 per cent of the respondents surveyed either agreed with, or ‘agreed with caveats’, the statement that: “Just as in past centuries naval sea power was often privately provided, for example through the East India Company, so in the future more British naval sea power is going to be provided through greater privatisation” (see Table 12 below). Whether positive out of belief, or a sense of resignation, is unknown. However, what is clear is that it is within these ideational boundaries the research finds a changed discourse on governance to that of Weber.

	Agree/Agree with Caveats	Disagree
All Respondents	38	12
Total Percentage	76%	24%

Table 12. Overall Results to the Open-ended Question on Future Political Economy of British Naval Sea Power.

For while some elite opinion formers are clearly critical of such developments over the last thirty years, a clear majority now accept that enhanced outsourcing, PPPs and privatisation will not only continue, but that many of the challenges and opportunities they represent are more similar to older models of political economy than many NPM theorists and others concerned with PA necessarily appreciate. Instead of ‘the state’ or ‘the market’ standing in isolated opposition, both of these ‘ideal type’ constructs are now more

powerfully viewed as wormholes in political economy and governance that overtime lead back into each other's reality.

It is in this context that Royal Navy outsourcing, PPPs and privatisation are indeed more powerfully viewed through the evolutionary prism of 'back to the future' and a differentiated forms of governance than any perspective which seeks to argue that they represent a major departure, or irrevocable deviation, from that which has gone before.

For in reality, privatisation dates from the time in Ancient Greece when governments contracted out almost everything to the private sector (Parker and Saal, 2005). Even in the Roman Republic, private individuals and companies delivered most functions including construction, tax collection, military supplies and even religious sacrifices (Parker and Saal, 2005). Moreover, one of the earliest ideological movements in favour of privatisation came under China's 'golden age' of the Han Dynasty. Taoism advocated the laissez-faire principle of 'Wu wei', or 'do nothing', in the belief that the best and strongest rulers were virtually invisible (Li and Zheng, 2001: 241).

6.2 Timeships and the New Age of 'Modernisation'

While policy makers and modern social scientists often neglect an explicit treatment of the temporal dimension (Pierson, 2004) and tend to decontextualise organisations and services from their broader, historic and evolutionary paths, as was pointed out in Chapter II, for Christopher Pollitt (Pollitt, 2008) this charge is particularly applicable to NPM theorists as well as the promoters of PA. As was stated earlier, Pollitt argues that the NPM paradigm has led to the replacement of longer-term administrative perspectives with shorter-term political incentives: "...knowledge of how things were done in the past seems increasingly irrelevant....The past is left a closed, and by implication an uninteresting and irrelevant book." (Pollitt, 2008: 9-10).

From a policy perspective, the point about a closed past is particularly applicable to the Royal Navy: an institution that traces its roots back over a thousand years to the Saxon fleet (Savage, 1996: 84-107). To ignore the broader paths of evolution, policy and governance in its history, is not only to ignore an important temporal dimension but significant cycles in political economy that powerfully restrain present discourse and policy. While contemporary Royal Navy modernisations might appear 'new' given the time preferences of journalists, politicians and so-called NPM theorists, in reality, the research data presented merely reinforces the significance of older forms of practice and discourse which pre-date Weber's monopoly state.

When looking through the prism of a thousand years of Royal Navy history, and the actual history of privatisation, all manner of public private partnerships and governance not only abound, but they actually make periods of statist government look like the deviations from normality. Dependent on cyclical paths in political economy that oscillate between frameworks of top down statism and bottom up markets, the Navy has an almost uniquely long institutional history when it comes to embracing profound organisational change at irregular and critical junctures, including periods of economic crisis. Having always been dependent on paths of public and private partnership, the Royal Navy's durability has been systematically punctuated by divergent organisational frameworks of political economy (Fig.9). For its 'entrepreneurs', there has always been a tension between the tax funded statism and the private market.

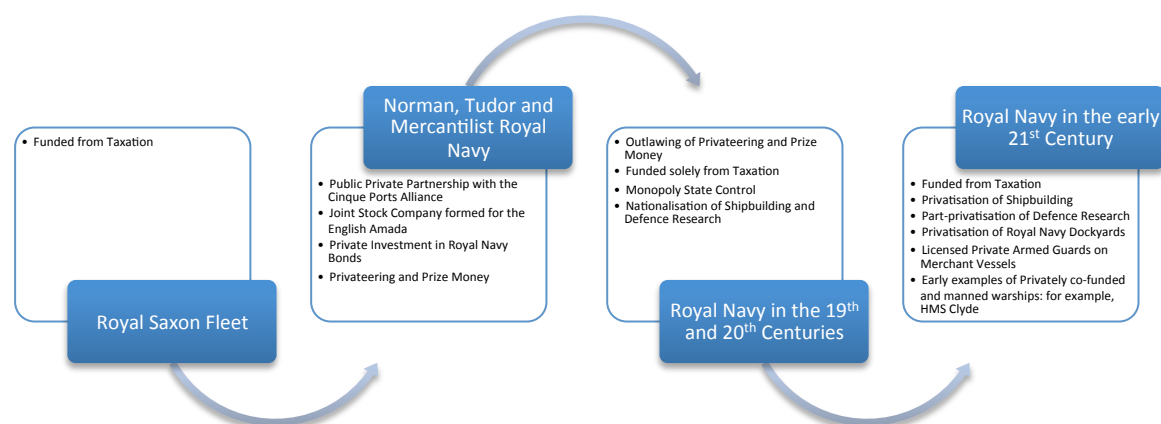


Figure 9. Cycles of Path Dependent Royal Navy Political Economy

While the Royal Navy's history emphasises non-linear forms of change within the broader boundaries of political economy, when set against contemporary notions of 'modernisation' and the 'new' (Moran, 2003) such language is exposed for being historically inaccurate. Away from the so-called NPM and PA theories, recent forms of Royal Navy PPPs, privatisation and increasing competition from the private sector, in reality, echo much older forms of governance, policy networks and differentiated, corporatist, elites and practices.

For example, following the settlement of the Norman kings, a naval force was established in the mid-twelfth century that included formal command structures. Including ships provided by the Cinque Ports alliance (Rodger, 1997), it was the Normans who established the historic post of Lord Warden of the Cinque Ports. A position that still exists today, it was this role that oversaw the five strategically important South East English ports of Hastings, Romney, Hythe, Dover and Sandwich (Cinqueports, 2013). In 1155, a Royal Charter established these ports to maintain ships ready for the Crown in times

of emergency (Rodger, 1997). Operating within a political economy of a partnership with the private sector these towns received:

“Exemption from tax and tallage, Right of soc and sac,
tol and team, blodwit and fledwit, pillory and tumbrel,
infrangentheof and outfrangentheof, mundbryce,
waives and strays, flotsam and jetsam and ligan.” (Roskell, 1992: 751)

Translated, the Cinque Ports enjoyed:

“Exemption from tax and tolls; self-government;
Permission to levy tolls, punish those who shed blood or flee justice,
punish minor offences,
Detain and execute criminals both inside and outside the port’s
jurisdiction, and punish breaches of the peace;
and possession of lost goods that remain unclaimed after a year,
goods thrown overboard, and floating wreckage.” (Winchelsea, 2012)

Encouraging a market-oriented approach to the production and maintenance of naval sea power, these ports were freed from taxation and allowed high degrees of differentiated self-rule and governance, including the production of their own laws and court system.

In the 16th century, Spain was Europe’s leading imperial power. In 1588, led by King Philip II, the country sent a fleet to invade England commanded by the Duke of Medina Sedonia (Hanson, 2004). Tasked to escort a Spanish invasion army across the southern area of the North Sea Spain had three objectives. The country wanted to stop English support for Dutch rebels in the Spanish Netherlands, halt attacks against Spanish possessions in the New World and it wanted to convert England back to Roman Catholicism (Hanson, 2004). Endorsed by the Pope, the Spanish Armada contained a total of 131 vessels of which a majority were privately armed merchantmen (Hanson, 2004). While eventually defeated by fire ships, English naval squadrons and

by elements of the Dutch navy at the Battle of Gravelines (McDermott, 2005), the following year the English sent their own naval force against Spain.

The English Armada was a fleet of naval vessels sent in 1589 to the Iberian coast by Queen Elizabeth I. Led by Sir Francis Drake and Sir John Norris the expedition was floated as a joint stock company with more than £80,000 of capital (Wernham, 1988). Of this, the Queen invested twenty-five per cent and the Dutch twelve per cent. The remaining balance, 63 per cent, came from a mixture of private merchants, guilds and noblemen (Wernham, 1988). Overall, the English Armada had three objectives. First, to destroy the Spanish Atlantic fleet. Second, to land at Lisbon and lead the Portuguese in a revolt against Spain and to continue south to establish a permanent base in the Azores. Third, to seize the Spanish treasure fleet as it returned from crossing the Atlantic to Cadiz (Mattingly, 2005).

While logistical confusion and poor weather delayed the English fleet's departure, and the Dutch failed to supply promised warships, more than thirty per cent of provisions were consumed in port. When the fleet did set sail, it comprised of sixty privately armed merchantmen, six royal galleons, sixty Dutch flyboats and more than twenty pinnaces (Wernham, 1988). While fear of becoming entrapped in the Bay of Biscay led Drake to move along the coast and attack *A Coruna* in *Galicia*, this venture resulted merely in the destruction of a small number of largely unimportant Spanish vessels. Two weeks later, with little to show for their efforts, the English turned their attentions to Lisbon. However, rumoured that a disaffected garrison defended it, in the event, an expected uprising failed to materialise. It was then agreed to concentrate on the establishment of a base in the Azores. However, by now the campaign had taken its toll and a sizeable proportion of Drake's forces had been weakened by disease. It was therefore decided that a landing in the Azores was impossible and Drake subsequently agreed a final plan to retrieve what he could from the overall mission (Wernham, 1988). With only 2,000 healthy men available and the number of viable ships depleted by storm damage, he took twenty ships and set sail for the Spanish treasure fleet. Struck by another heavy storm, he eventually decided to plunder Porto Santo

in Madeira. However, his flagship, the *Revenge*, sprung a leak and almost foundered as it led the remainder of the fleet back to Plymouth (Werhnam, 1988). Overall, the English Armada proved to be a costly and largely unsuccessful venture. It failed to generate financial gains for its investors or to press home England's advantage from the defeat and dispersal of the Spanish fleet the previous year.

In England, a permanent naval service did not come into being until the mid-seventeenth century when the Fleet Royal came under the control of Parliament following the defeat of Charles I in the Civil War of 1642-1651. In 1649, Robert Blake was appointed General at Sea (Admiral) whereupon he oversaw a substantial naval ship-building programme (Chambers & Chambers, 1852). Whilst Blake continued to accept a sizeable role for privateers and merchant vessels, he not only decided to keep a fleet at sea during the winter months but he instituted a range of new techniques by which to conduct landings and naval blockades. In 1653, he wrote his seminal 'sailing instructions' and 'fighting instructions' which became the foundation of English naval tactics for much of the age of sail (Chambers & Chambers, 1852).

From the sixteenth century to the eighteenth century the dominant economic paradigm of Europe was mercantilism. During a period that witnessed the emergence of the nation-state (Croxtton and Tischer, 2001), economic thinking was dominated by the idea that the prosperity of a nation depended on its supply of capital and that the volume of international trade represented a fixed quantity of wealth (Lipson, 1934). Believing that capital, as represented by bullion held by a state, was best increased by a positive balance of trade, governments played a deeply protectionist role in their economies. By encouraging exports and discouraging imports through tariffs and other barriers to trade, they also encouraged huge interventions in their domestic economies (Lipson, 1934). This was an age of patent letters and government monopolies. Often corrupting and inefficient, endless quotas and price ceilings invariably led to black markets. Internationally, mercantilism fuelled European wars. By encouraging nations to believe that prosperity was a zero sum game

fought over fixed 'available markets' (Wallerstein, 1980), the period saw the widespread adoption of Niccolo Machiavelli's *realpolitik* and the supremacy of the *raison d'état* (Machiavelli, 1961). This essentially pessimistic view of human nature was not only integrated into the work of Thomas Hobbes (Hobbes, 1998), but it provided a natural fit with puritan discourse. In order to protect assets in North America, England's Parliament passed the first of the Navigation Acts (Elson, 1904: 216-219). Highly mercantilist devices, they required that only English ships could transport American goods.

While by the early eighteenth century the Royal Navy had more ships than any other navy in the world, it nevertheless suffered from debt. As a consequence, the government developed a range of innovative means by which its financial position could be rectified. By encouraging the private purchase of Navy bonds, the Royal Navy's cash flow and financial position improved (Knowles, 1919). With more resources and better tactics, higher morale led to ever-greater success. Following the eventual demise of privateering as a result of the 1856 Paris Declaration Respecting Maritime Law (Natalino, 1988: 64; Schmidt, 2005: 75), it was only in the mid-nineteenth century that the Royal Navy became thought of as the representation of a nationalised Navy. During World War I and II, and for most of the twentieth century, it existed as an organisational exemplar of statism and 'government' right up until the modern era of 'modernisation', 'partnership' and 'governance'.

From a temporal perspective, the overall sweep of Royal Navy history can be seen to have had identifiable patterns and trends in terms of its political economy. The idea that each event and epoch is unique and cannot be classified alongside another is inappropriate. As a set of institutions that has survived and evolved over a thousand years, it is interesting to note Meyer and Zuckers' argument (Meyer and Zucker, 1989: 14) that "old organisations are less likely to die than are young ones" and that "what little evidence there is suggests that performance does not improve correspondingly with age" (Meyer and Zucker, 1989: 14). As mentioned in Chapter II (above), to Meyer

and Zucker older public sector organisations are particularly vulnerable when compared against market-based organisations, for: “As often as not public sector objectives are ill-defined and interests in and around public organizations are divergent from the outset. Public organisations, therefore, carry from their beginnings many of the liabilities that emerge only much later, if at all, in private firms” (Meyer and Zucker, 1989: 136).

In seeking to identify the mechanisms and laws of Royal Navy path dependency and legitimacy in political economy, the work of Tichy (1980) would suggest that its organisation and cycles are ultimately bound by three timeless problems (again as mentioned in Chapter II). First, the Royal Navy has the technical design problem of how to arrange efficient production. Second, it has the political allocation problem of how it distributes resources and power. Third, it has the cultural and ideological problem of how it maintains and reinforces the normative glue that holds the organisation together. For Tichy, none of these problems are ever fully resolved. Instead, adjustments are always required and bounded by peaks and troughs that denote varying degrees of organisational difficulty. It is only when problems simultaneously occur in all three areas that an organisation faces a fundamental and systemic crisis.

Viewed from the perspective of cyclical political economy (Fig.10 below), the Royal Navy and British naval sea power in general have never strayed into any ‘ideal type’ libertarian free market and/or command and control state model. In terms of the compass of political economy described in Chapters III and IV (above), British naval sea power has instead always tended to depend on paths ultimately bound by comparatively narrow discourses of cyclical socio-economic and socio-political power.

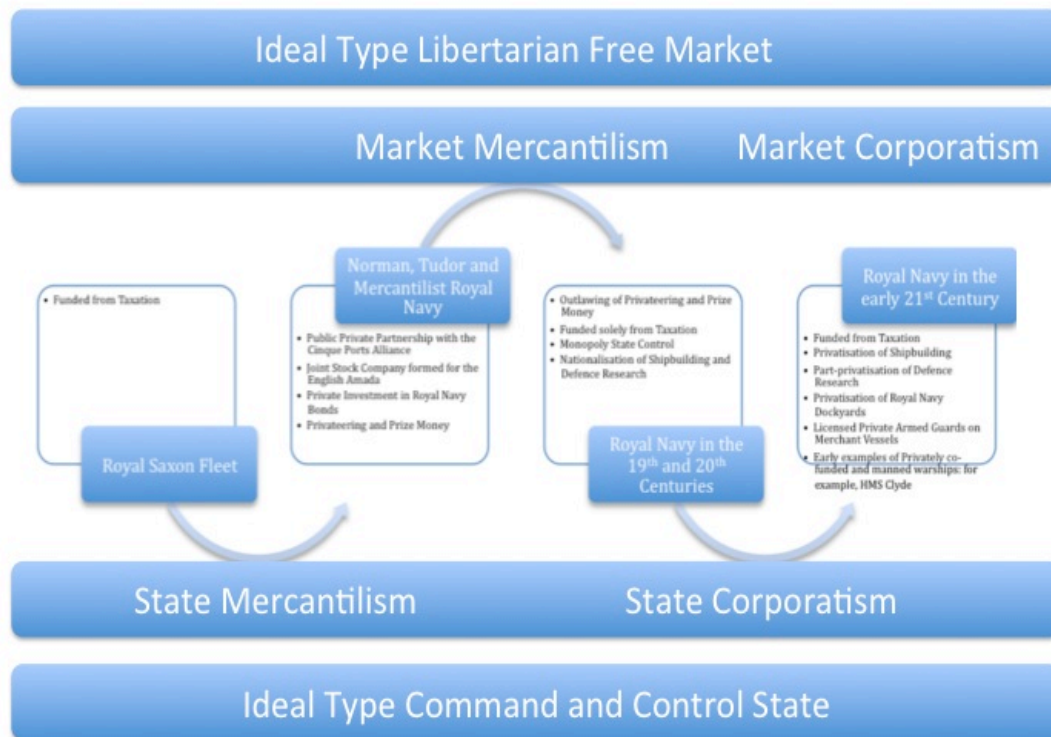


Figure 10. History of British Naval Sea Power in Path Dependent Political Economy

Reliant on varying degrees of mercantilism, corporatism and legislative favour, 'privateers' have always benefited from real and metaphorical letters of regulatory 'marque and reprisal', just as politicians have always benefited from the market's capacity to create wealth and drive progress. From the central direction and funding of the Saxon Fleet, to the public private partnerships of the Cinque Ports, the Joint Stock Company of the English Armada, the private purchase of Royal Navy bonds, and on through the age of the East India Company, privateering and prize money, British naval sea power has always tended to transition within the relatively tight tramlines of the state mercantilism-corporatism and market mercantilism-corporatism. Crucially, both the paradigms have variously blended private monies and interests with those of tax funded, sovereign, governance.

Conversely, the state's subsequent outlawing of privateering, the move to a solely tax funded navy, and the part-nationalisation of ship building, denoted a world less rooted in any ideal type command and control state and more a political economy focused on the realities of industrial age state corporatism. Noting that in the real world, contemporary outsourcing, PPPs and privatisation often require major elements of tax funding and only involve limited forms of liberalisation and privatisation in such areas as ship building, defence research, dockyard provision and the manning of warships, this is less a reality rooted in ideal type libertarian free markets and more a political economy rooted in market corporatism (see 6.3 below). While in 2014 privately funded and provided armed guards may be allowed to work on British merchant vessels in some parts of the world they can only do so with a license granted by sovereign authority.

From the purview of a thousand years of naval history, there is strong evidence that away from the monopolistic and transitory simplicities of Weberian legitimacy, or the apparent 'newness' of 'NPM', 'governance', 'policy networks' and even 'differentiated polities' there has often been influential agents in and around the state who proactively embrace elements of private protection and the legitimacy it represents in the key area of force and violence. Far from the idea that a re-emergence of private sector organisations represents a fundamental and irrevocable failure of the state, history suggests otherwise. The state's capacity to mobilise private sector money, expertise and manpower, and *vice versa* (see 6.3 below), in the area of force and violence can equally be viewed as a legitimating signifier of power being dispersed and not located in the hands of any single, unitary, and therefore potentially unsustainable and de-legitimising authority. Empowering adaptation and replication overtime, the state can be viewed as perpetuating its authority because it often coordinates differently located, circulating and networked elites under a diverse legal arena, based on statute, common, mediated and arbitrated law (Benson, 2011), and by enabling a broad range of institutional and organisational forms situated within and across all four quartiles of the compass of political economy (see Chapters III and IV above)

which centre on: cooperative/mutualist; libertarian free market; state command and control; corporatist mixture.

6.3 Coercion, Power and the Evolution of Statecraft

It was Adam Smith in *The Wealth of Nations* who first argued that: “People of the same trade and profession seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices....But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary” (Smith, 1904, Book I, Chapter X). For Smith, in fearing the uncertainties of open and competitive markets and seeking high barriers to entry, entrepreneurs, businesspeople and privateers usually try to capture the mantle of the ‘public good’ to lobby politicians so that they are granted legislative and regulatory favour.

Building on such corporatist relations, Barry Hindess and Paul Hirst (Hindess and Hirst, 1977) have gone so far as to argue that there can never be genuine or free markets in modern complex societies. The tax-funded coercion and statutory interventions of political and business elites are what ultimately govern all modern societies. Even the basic unit of modern capitalism, the firm, is itself built upon the interventionist statutes of limited liability and the politics of company law.

The American political philosopher Ayn Rand displays a similar yet contrary view. For her, no society can ever be said to represent a pure ideal type construct of the command and control state because every society respects to some degree individual rights. Under her philosophy of ‘Objectivism’, property rights are not conceived as rights to things but instead the freedom to pursue courses of action with respect to material goods. The extent to which individuals have a degree of autonomy to pursue particular courses of action is the degree to which a society can be said to be capitalist. For basic

survival, the *a priori* existence of property rights means that at some level individuals cannot be kept from seeking material goods and therefore they must be free to some extent to utilise the goods they have acquired.

If certain goods and services are to be guaranteed to individuals, as state welfare theorists suggest, then some people must be coerced to provide for others. Apart from the fact that what is guaranteed is conditional upon the productivity of some (and hence no guarantee at all), there is in principle no limit to what one could claim must be guaranteed. It is in this context that Rand concludes: "...this view of rights makes a mockery of the notion of a guarantee. For if there is no object to which one may not claim a right, then we could conceivably ask the state to guarantee all things equally, to everyone" (Den Uyl and Rasmussen, 1986: 169). For Rand, property rights are primarily articulated as the right to life.

Just as Smith, Hindess and Hirst argue markets will always drive statism, so Rand argues states will always require markets. Echoing the research data, it is ultimately impossible to distinguish between the theoretical outcomes of both systems. For today's elite opinion formers, both are viewed not as separate ideal types but as deeply interconnected parts of a broader cyclical and differentiated statecraft.

6.4 Markets, Complexity and the Problematic Nature of Property Rights

While Rand, Hindess and Hirst provide powerful insights into the boundaries of discourse surrounding state power and the *a priori* existence of markets, it is interesting to note that many commentators often analyse certain institutional arrangements as if they were describing an idealised market. For example, even though international law dictates that the world's oceans are not subject to private property rights (Tanaka, 2012), Tangredi ignores such a reality when he asserts that: "...access to the sea is a metaphor for access to the global economy, both functioning in a similar marketplace fashion with a

linkage between resources invested and results” (Tangredi, 2002: 4). He continues:

“In that sense, access to the sea can be thought of as the perfect economic market model. All parties benefit from an efficient market that allows free access and supply to match demand, but the profits to all parties in an efficient market are not equal. Those with better or more desirable products (facilitated by greater knowledge or production resources) make greater profits than those whose products are less desirable. Freedom of the seas as codified in international law allows benefits to be awarded in similar fashion – which drives the historical quest of nations for naval power.” (Tangredi, 2002: 4)

Believing the sea, devoid of private property rights, to be representative of the “perfect economic market model”, Tangredi goes on to state that while “...the international law of the sea may provide for equal access to trade and resources...[and]...the means to defend such access against interdiction ultimately lie in the possession of an effective navy” (Tangredi, 2002: 4), for him:

“To build such a navy – particularly one that can operate globally – requires a level of state resources that is within the reach only of great powers.” (Tangredi, 2002: 4)

In imagining it possible to have a “perfect market” without private property rights and simply ignoring the role of privately produced naval sea power, Tangredi’s work is illustrative of a linguistic confusion and temporal decontextualisation that is all too common. While for many of the free market economists outlined in Chapter IV (above), genuine markets can only ever be defined by private property rights and can never be equated with mathematical notions of perfectionism (Bethel, 1988; Pipes, 2000), to Walter Block the world’s oceans are less about a “perfect economic market model” and more about what he terms ‘water socialism’:

“Private property rights have benefited every arena of human experience they have touched. And yet, there are vast areas of human existence where private property rights play no role at all: oceans, seas, rivers and other bodies of water” (Block, 2000: 2).

For Block, many of the negative issues often associated with un-owned water, endangered species, declining fish stocks and environmental disasters, arise because without property rights there is no market to allocate scarce resources and incentives to encourage sustainable management. As an advocate of “full water privatisation” (Block, 2000: 8), he argues that all aqua, including the world’s oceans, should be privately owned. Noting that while bodies of water currently flow into each other, he believes only full-blown privatisation would encourage the development of technologies to demarcate and protect boundaries:

“It takes no great leap of imagination to suppose that scientists and engineers would soon be able to offer new technology which could distinguish between “mine and thine”.” (Block, 2000: 9)

Just as land has been fenced in recent centuries to delineate private property (Andreson, & Leal, 1997), so Block argues such rights at sea would facilitate a beneficial revolution across the ‘two thirds of the world’s surface’. For Block, private property rights are a prerequisite for the sustainable farming of fish and other forms of development. Debating the legal complexities of a river changing course, or that overflows and damages someone else’s land, he argues that such situations are only problematic because without property rights there can be no appropriate precedent and redress in law. Representative of a world away from the ideas of Tangredi, Block argues that the reason there is no private investment in managing otherwise unruly bodies of water is because there are few if any legal and economic incentives to do so (Block, 2000: 8-13; Anderson & Deal, 1991; Birgir, 1997: 57-62; Eckert, 1979). While on the issue of equity, Block acknowledges that one of the major objections to water privatisation is the fear it would only benefit the rich, he argues capitalist economic development is not a zero sum game:

“Under capitalism, the wherewithal enjoyed by both parties to a transaction, at least in the ex ante sense, is increased. The rich do not increase their income at the expense of the poor; rather, their income rises by enriching the less well to do. It is no accident that the poor in the more capitalist West enjoy a standard of living that is the envy of those at the bottom of the income distribution, and even in the middle of it, in countries infected by coercive socialism” (Block, 2000: 12).

Beyond issues of interconnectedness, legal complexity and equity, Block also addresses monopoly and the fear that under a system of private property rights the sea would be governed by highly monopolistic and restrictive entities. For him, the logical concern would be that X owns an island that is surrounded by the sea and yet Z owns the surrounding waters. As a result, X could be stranded, essentially unable to move. Putting to the side the argument that the primary user of the water surrounding the island would in reality likely be X, if Z had first homesteaded the water and later X came upon it, it is highly unlikely X would have bought the island without the appropriate access and egress rights. If an amicable settlement could not be reached, Block suggests a final remedy might be through the use of a helicopter or an airplane.

The key point about the ideas of Block and Tangredi is not who is right or wrong in this debate, or who has the better argumentation. The point is that both view the institutions and political economy of the world's oceans very differently and as such they serve to highlight the deeply problematic nature of markets, property rights and the production and enforcement of economic, social and legal order. Ultimately, these authors powerfully juxtapose the epistemological and conceptual uncertainties highlighted by the research and to which NPM and PA theorists fail to attend. What is often called a free market in academe is nothing of the kind.

6.5 Modernising Governance - Back to the Future

In her book, *Time: The Modern and Postmodern Experience*, (Nowotny, 1994), Helga Nowotny argues that the present also occupies some of the future as well as part of the past. Nowotny argues that the idea of the future, which once encapsulated utopian notions of progress, has recently given way to more problematic and dangerous notions in which control has to be exerted by planning ahead. For her, while the future has become more realistic, “the invocation of the future, in the name of which political action was justified for a long time, had to be reduced and at least partly transferred to the present”. (Nowotny, 1994: 50).

For British elite opinion formers concerned with the Royal Navy and the future of British naval sea power, the institutions of Weberian force are no longer legitimated solely by a democratically monopolised state. The invocation of the future, on which change has been justified and planned over the last thirty years, not only draws deeply on the institutional realities of past cycles of political economy, but in so doing, its legitimation now more accurately takes the form of a democratically demonopolised market corporatism.

Chiming with the work of Rhodes (Rhodes, 1988), the research suggests that instead of presiding over a coherent or unitary state, the British government is part of an increasingly fragmented and differentiated polity (Marsh, 2008: 738). Away from the traditional ‘Westminster model’ (see Chapter II above), which focused on the power of the prime minister and the cabinet, today’s reality is that the core functions of the British executive are increasingly focused on mobilising and integrating disparate resources across the public, private and voluntary sectors. By reformulating the core executive in essentially functional terms, key questions of naval defence and security are recast as merely matters of ‘who does what?’ and ‘who has what resources?’ (Rhodes, 1988).

From these axiomatic questions flow new forms of formal and informal institutional arrangement that interconnect governmental and independent agents in innovative and interdependent ways. Often sharing interests in particular modes of public policy formulation and implementation, their bargaining is negotiated within the context of networks that tend to prioritise the interests of established big business, professions and trades unions (Marsh and Rhodes, 1992).

In terms of governance, such networks frequently display significant degrees of autonomy from the state. While central government may indirectly and inexactly seek to guide what are often self-organising and semi-autonomous corporatist networks, an inexorable transition from 'government' to 'governance' means that a dynamic mix of markets, bureaucracies and networks are increasingly re-engineering and, to some extent, 'hollowing out' key elements of the twentieth century Weberian state (Rhodes, 2007: 1243-1264).

The research not only serves to underline the empirical shift away from a unitary to a variously differentiated polity, in which rule and governance increasingly occur in the context of complex institutional and decentralised arrangements, but its findings also support Bevir and Rhodes' (Bever and Rhodes, 2006 and 2010) assertion that a decentered paradigm of governance reflects the methodological realities of 'situated agency' (see Chapter V above). Institutions, practices and socialisation cannot predetermine people's beliefs and/or behaviour. Instead, ideation and action merely represent contingent, negotiated choices. People's beliefs, traditions and institutions change and adapt as required by circumstance. Just as ideation and action cannot be explained by *a priori* beliefs and/or traditions but are instead produced, tempered and modified overtime, so the newly emergent situated agency of the respondents becomes clear.

While according to Anderson and Giford (Anderson & Giford, 1981) naval officials strategically positioned within the early nineteenth century state

apparatus lobbied against privateering to promote their monopoly interests (see Chapter II), so the research finds that from the perspective of an 'ideal type' free market, it is the naval officers who are now the most supportive, and/or feel the inevitability of free market political economy most strongly: over and above the other categories surveyed (see Tables 6 and 7 in Chapter V). While it is difficult to infer causal reasoning to the data, the research demonstrates that when it comes to embracing the market-oriented paradigm it is the naval officers who reflect the most significantly changed 'situated agency' (Bevir and Rhodes, 2006 and 2010) and who are most open to the discourse and controversies surrounding the hollowing out of the state and differentiated governance. More than any other group surveyed, their beliefs, traditions and institutions are changing and adapting as required by their interpretation of circumstance.

However, far from undermining the state's quintessential function and signifier of being, the changing settlement highlighted in the research can instead be viewed as simply redefining sovereign authority within much longer established boundaries and paths. In updating the political economy by which the state and the market derive their interdependence, the Royal Navy once again finds itself modernising, back to the future. In echoing older forms of market-oriented mercantilism, differentiation and governance, recent decades have not only witnessed predominantly corporatist and regulated forms of outsourcing, PPPs and privatisation, but the state and the market have conjoined to significantly revise the ways in which force and violence are produced and legitimated.

Echoing changes in naval sea power, Britain has again started to witness significant changes in the way other aspects of governance and force are provided in other key areas. As was mentioned earlier, for every state policeman and woman there are now two private security guards (Benson, 2011). Across increasing swathes of the country a burgeoning private security sector abounds. In stores, shopping malls, residential estates and many office buildings, private security patrols and guards are increasingly prevalent. While in Britain there are now estimated to be more than 1,000 private 'gated

communities', in the United States of America there are more than 20 million people (6 per cent of the population) living in areas with their own privately funded patrol services (Blakely & Snyder, 1999).

Today, an increasing number of the UK's prisons are run by private companies (including Her Majesty's Prison (HMP) Parc in Wales; HMP Altcourse near Liverpool, HMP Lowdham Grange near Nottingham, HMP Ashfield near Bristol, HMP Forest Bank near Manchester, HMP Rye Hill near Rugby, HMP Dovegate in Staffordshire, HMP Bronzefield in Middlesex, HMP Wolds in Yorkshire, HMP Doncaster and HMP Peterborough), and during the last twenty five years private arbitration and mediation services have grown rapidly (Prison Reform Trust, 2013). As the country's publicly funded court and prison system reportedly strains to keep up with demand so ever more people are seeking legal redress through a range of privately funded and/or provided mediation and arbitration services (Mediation and Arbitration, 2013).

Right across the institutional spectrum concerned with the production of force and violence, Weber's monopoly nation state is slowly giving way to significant change in political economy and governance that once again conjoins legislative favour and market provision. Broadly corporatist, strongly differentiated and suggestive of a limited hollowing out of the state, it represents a modern extension of an essentially historic and mercantilist past.

6.6 Conclusion: Contribution to Knowledge and Future Research on UK Exceptionalism in Governance

Neglectful of the complexities and symmetries across the dimensions of time, property rights and differentiated power, this study has concluded that the NPM and the PA paradigms invariably underestimate the consequential similarities, for good and/or bad, of both systems' outcomes. Moreover, while PA views government as the primary owner, driver and/or motivator of reform,

and NPM stresses the market, this study has shown that both perspectives fail to acknowledge the degree to which core statecraft and governance as defined by the production of force and violence is rarely, if ever, a matter for either an 'idealised state' or a 'free market'. Instead, force and violence are invariably organised within a spectrum that compresses and conjoins varying degrees of differentiated and decentred statism with varying degrees of differentiated and decentred market; and where in terms of outcomes, both these ideal types are more powerfully viewed as leading back into each others mode of governance and complexity.

It is in this context that government and governance, centralisation and de-centralisation, unity and fragmentation, all denote constantly evolving, path dependent realities that not only speak volumes about the contingency of the human condition but also the limitations of the language of 'the market' and 'the state'. It is for reasons of complexity and similarity, that today's opinion formers find it so difficult to articulate clear, consequential and epistemological differences between notions of market and state failure in areas of naval sea power and therefore specify and codify legitimacy in the political economy of force and violence. It is because each system ultimately mirrors the other in more profound and surprising ways than is popularly and linguistically recognised, that the Royal Navy once again finds itself modernising back to a future rooted in older forms of discourse in the areas of public management, administration and governance. A century on, we are all increasingly living with a highly corporatist and mixed political economy that Weber did not fully appreciate or foresee.

As a piece of research, this study has contributed to knowledge by informing the political economy of New Public Management theory and Public Administration. By detailing empirically and framing theoretically the ways in which elite attitudes to the political economy of legitimated force are changing, the research has challenged what many commentators previously believed to be an *a priori* function of the Weberian nation state, namely, the state's monopoly use of force, with the actual views of those who hold positions of power and influence in and around one of its most historic 'ideal type'

institutions: the Royal Navy. It is in this context that the research has found elite opinion formers to be more challenging of the legitimating rubrics of 'economic efficiency' and 'political democracy' than has previously been understood.

Finally, although it is not within the purview of this study to plan or specify future research, an initial recommendation can be made legitimately. In further exploring the issues raised by this thesis, it would be interesting to update and re-run the research through an international and comparative analysis, and one that involves respondents from other military services such as armies and air forces. It would not only be useful to gauge the cleavages between different nations and their respective military services, therein further testing ideas around UK exceptionalism and ideology (see Chapter V above), but also to include elite opinion formers from within each nation's respective and international private military sector(s).

As a piece of international research for the early twenty first century, such a study would not only inform a range of subjects, including political economy and the social sciences, but it may also prove invaluable in the fields of international relations and strategic studies. As opinion formers across a range of settings and disciplines continue to consider and debate the realities and consequences of the shifting sands of governance and statecraft, so those institutions and arrangements which come to fill the hollows and gaps of the world after Weber will be of profound interest and importance.

Appendix I

The Pilot Study

The small-scale pilot study was conducted between June and October 2011. The twenty opinion formers included the following list:

Two national defence journalists	(Guardian and Telegraph)
Two local journalists	(Portsmouth and Plymouth)
Two civil servants	(Ministry of Defence and HM Treasury)
Two officers	(Navy/Marine)
Two Members of Parliament	(Conservative and Labour)
Two academics	(Kings College and Oxford)
Two think tank policy experts	(Left and Right)
Two MPs	(Labour and Conservative)
Party political advisers	(Conservative and Labour)
Electronic media journalists	(TV and Blogger)

Designed to inform and assist with the development of the final survey-questionnaire, the small-scale pilot survey-questionnaire used was structured and worded as follows.

Section A. Opinions towards Royal Navy Modernisation

Q1. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement:

A1. Today, the British dockyards of the Royal Navy have been largely privatised. This has led to greater efficiency gains for the navy and has improved the quality of its support facilities.

1 2 3 4 5 6 7 8 9 10

Q2. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A2. In the modern world there is no reason why the training of Royal Navy nuclear submarine personnel cannot be privatised.

1 2 3 4 5 6 7 8 9 10

Q3. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A3. There is no reason for the Royal Navy to actually own its war ships. Instead, it would be more efficient if its ships were privatised.

1 2 3 4 5 6 7 8 9 10

Q4. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A4. All Royal Navy personnel training should be contracted out to the private sector.

1 2 3 4 5 6 7 8 9 10

Q5. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A5. Today’s Royal Navy is parlously under-funded by government taxation.

1 2 3 4 5 6 7 8 9 10

Q6. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A6. In the future, Britain’s naval sea power should not simply be funded from taxation. One can imagine a time when various forms of private money could be used to fund naval sea power.

1 2 3 4 5 6 7 8 9 10

Q7. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A7. In the future, to maximise efficiency and innovation, private property rights should be apportioned by the international law of the sea. Today, it is inappropriate that most areas of sea are not privately owned.

1 2 3 4 5 6 7 8 9 10

Section B. Opinions towards the political economy of security and defence

Q8. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A8. If a genuine free market in security and defence services existed, government would still have to intervene to stop problems of ***monopoly***.

1 2 3 4 5 6 7 8 9 10

Q9. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A9. If a genuine free market in security and defence services existed, government would still have to intervene to help ***protect people from crime, violence and threats to their property***.

1 2 3 4 5 6 7 8 9 10

Q10. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A10. If a genuine private market in security and defence arrangements existed, government would still have to intervene in times of crisis – for example to help protect people from such ***factors as contagious disease, terrorism and threat of invasion***.

1 2 3 4 5 6 7 8 9 10

Q11. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A11. If a genuine free market in security and defence services existed, this would not stop some of it being run by government because security and defence are natural **public goods**.

1 2 3 4 5 6 7 8 9 10

Q12. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A12. Because security and defence requirements are unpredictable some costs will always have to be covered by taxation – **private arrangements such as corporate funding, insurance, donation and sponsorship could never do it all**.

1 2 3 4 5 6 7 8 9 10

Q13. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A13. If security and defence services were monopolised by the state, private security and defence arrangements would still have to be allowed to stop problems of **monopoly**.

1 2 3 4 5 6 7 8 9 10

Q14. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A14. If security and defence services were monopolised by the state, private security and defence arrangements would still have to be allowed to help **protect people from crime, violence and threats to their property**.

1 2 3 4 5 6 7 8 9 10

Q15. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A15. If security and defence services were monopolised by the state, private security and defence arrangements would still have to be allowed – for example to help protect people from such **factors as contagious disease, terrorism and or threat of invasion.**

1 2 3 4 5 6 7 8 9 10

Q16. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A16. If the production of security and defence were monopolised by the state, this would not stop some of it being run by the private sector because security and defence are natural **private goods.**

1 2 3 4 5 6 7 8 9 10

Q17. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement:

A17. Because security and defence requirements are unpredictable some costs will always have to be covered by **private arrangements such as corporate funding, insurance, donation and sponsorship.**

1 2 3 4 5 6 7 8 9 10

Section C. Parameters in the Private Security and Defence Debate

Q18. In security and defence, what would be the consequences of a genuine, full blown, private market system? [Open response]

Q19. In security and defence, what would be the consequences of a genuine, full blown, state system? [Open response]

Q20. In security and defence, which is more prone to problems of monopoly?

The state

The Market

Q21. How do you react to the following statement?

“Just as in past centuries British naval sea power was often privately provided – for example through the East India Company – so, in the future, more defence and security is going to be delivered by the private sector.”

Open response:

Appendix II

The Respondents

Journalists: National Defence Commentators		
1.	Defence Editor	The Times
2.	Defence Correspondent	Daily Telegraph
3.	Defence and Security Correspondent	Guardian
4.	Defence and Diplomatic Correspondent	Independent
5.	Defence Correspondent	Financial Times
6.	Defence Correspondent	Daily Mail
7.	Defence Correspondent	The Sun
8.	Defence Correspondent	Mirror
9.	Defence Correspondent	BBC
10.	Editor	Navy News
Politicians: Members of the House of Commons Defence Select Committee		
11.	Conservative MP (Chairman)	North East Hampshire
12.	Conservative MP	Canterbury and Whitstable
13.	Conservative MP	Salisbury
14.	Conservative MP	Portsmouth North
15.	Conservative MP	Beckenham
16.	Liberal Democrat MP	Colchester
17.	Labour MP	Dunfermline and West Fife
18.	Labour MP	Merthyr Tydfil and Rhymney
19.	Labour MP	Ayr, Carrick and Cumnock
20.	Labour MP	Bridgend
Policy Experts: Senior Policy and Think Tank Players		
21.	Senior Adviser to the PM	No.10 Downing Street
22.	Defence Adviser to the PM	No.10 Downing Street
23.	Permanent Secretary	HM Treasury
24.	Recent Secretary of State for Defence	MP for North Somerset
25.	Chief Executive	Wilton Park
26.	Director	Adam Smith Institute
27.	General Secretary	Fabian Society
28.	Director	RUSI
29.	Director	Chatham House
30.	Chief Executive	UK National Defence Assoc.
Academics: Royal Navy, Defence and Security Academics		
31.	Professor of Naval History	Kings College London
32.	Professor of Naval History	Oxford University
33.	Professor of Naval History	University of Salford
34.	Professor of Maritime Studies	King's College London
35.	Senior Lecturer in Naval History	Kings College London

36.	Associate Professor of History	Britannia Naval College
37.	Curator	National Maritime Museum
38.	Professor of International Security	University of Nottingham
39.	Director Centre for Intelligence/Security	Brunel University
40.	Director, Mackinder Programme	London School of Economics
Military: Senior Royal Naval Service Officers		
41.	Admiral	Royal Navy
42.	Vice Admiral	Royal Navy
43.	Admiral	Royal Navy
44.	Admiral	Royal Navy
45.	Admiral	Royal Navy
46.	Major General	Royal Marines
47.	Admiral	Royal Navy
48.	Commander	Royal Navy
49.	General	Royal Marines
50.	Field Marshal/former CDS	Tri-service

Appendix III

Telephone Questionnaire on Royal Navy Modernisation and British Naval Sea Power

Section A. Opinions on Royal Navy Modernisation

Q.1 Dockyard Privatisation

Q1. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement?

A1. Today, the British dockyards of the Royal Navy have been largely privatised. This has led to greater efficiency gains for the navy and has improved the quality of its support facilities?

1 2 3 4 5 6 7 8 9 10

Q.2 Privatisation of the Royal Maritime Auxiliary Service

Q2. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement?

A2. Today, the Royal Maritime Auxiliary Service has been privatised and Serco now runs these services. This has led to greater efficiency gains for the Royal Navy and has improved the quality of its support services?

1 2 3 4 5 6 7 8 9 10

Q.3 Private Military Personnel to Defend UK Merchant Ships

Q3. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement?

A3. It is right that British merchant ships carry private guards to defend them from pirates in the Gulf of Aden and Indian Ocean?

1 2 3 4 5 6 7 8 9 10

Q.4 Privatisation of Royal Navy Personnel Training

Q4. On a scale of 1–10, with 1 being 'strongly disagree' and 10 being 'strongly agree' can you please tell me what you think of the following statement:

A4. All Royal Navy personnel training should be privatised?

1 2 3 4 5 6 7 8 9

Q.5. Privatisation of the Royal Fleet Auxiliary

Q4. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A4. Some of Britain’s largest naval ships are in the Royal Fleet Auxiliary. The RFA should be privatised?

1 2 3 4 5 6 7 8 9

Q.6 Privatisation of Royal Navy Warships

Q6. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A6. There is no reason for the Royal Navy to actually own many of its war ships. Instead, it would be more efficient if its ships were privatised?

1 2 3 4 5 6 7 8 9 10

Q.7 Public Private Partnerships in Sea Power

Q7. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A7. In the future, Britain’s naval sea power should not simply be funded from taxation. One can imagine a time when various forms of private money will be used to fund the production of naval sea power?

1 2 3 4 5 6 7 8 9 10

Section B. Notions of market and state failure in the production of British naval sea power

Q8 Naval Sea Power as a Public Good

Q8. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A8. If a market in naval defence existed this would not stop some of it being run by government because naval sea power is a natural **public good**?

1 2 3 4 5 6 7 8 9 10

Q9 Inadequacy of Private Funding of Naval Sea Power

Q9. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A9. Because naval sea power requirements are unpredictable some costs will always have to be covered by taxation – ***private arrangements such as corporate funding, insurance, donation and/or sponsorship could never do it all?***

1 2 3 4 5 6 7 8 9 10

Q10 Naval Sea Power as a Private Good

Q10. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A10. If the state attempted to monopolise naval defence this would not stop some of it being run privately because naval sea power is a natural ***private good?***

1 2 3 4 5 6 7 8 9 10

Q11 Inadequacy of Private Funding of Naval Sea Power

Q11. On a scale of 1–10, with 1 being ‘strongly disagree’ and 10 being ‘strongly agree’ can you please tell me what you think of the following statement?

A11. Because naval sea power requirements are unpredictable some costs will always have to be covered by ***private arrangements such as corporate funding, insurance, donation and/or sponsorship?***

1 2 3 4 5 6 7 8 9 10

Q12 Future of Privatisation in British Naval Sea Power

Q12. How do you react to the following statement: *“Just as in past centuries naval sea power was often privately provided – for example through the East India Company – so in the future more British naval sea power is going to be provided through greater privatisation”?*

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